VESTERN HELIUM-CONNELLY #1 KM STATE 553 VE NE Sec. 36-T20N-R27E APACHE CO. 553

:1

Notice N	COUNTY Apache	 .	AREA 8 mi.	SE near	est town LEASE NO.	State Lease	
DOCATION NE NE SEC 36 TWP 20N RANGE 27E FOOTAGE 600' FRL 707AL 100	WELL NAME WESTERN HE	LIUM CORPO	RATION -	CONNELI	Y #1 KM STATE		
CONTRACTOR Eastern Petroleum	LOCATION NE NE	SEC36	TWP 20N	I RANGI	E 27E FOOTAGE 600	' FNL - 660' FEL	1160
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Permit No.		553							Form	No. 4		FI		~7.5			

(Complete Reverse Side)

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		DETAIL OF	FORMATIONS PENETRATED
Formation	Тор	Bottom '	Description*
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^{*} Show all important zones of porcelty, detail of all cores, and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures, and recoveries.

INSTRUCTIONS:

Attach drillers log or other acceptable log of well.

This Well Completion or Recompletion report well log shall be filed with the State of Arizons Oil Pales Conservation Commission not later than thirty days after project completion.

Form No. 4

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			PLUGGING	RECOR	.D	(
Western Hel		Cor		Address 120	Box			2RM IN	gTON	N.H.
Federal, State, or Indian Lease Num or lessor's name if fee lease.	. //	km,		No. F	ield & Re	eservoir				
Location of Well					0-	Sec-Twi	o-Rge or I	Block & Survey		- 11=
Application to drill this well was fil			is well ever		er of well	at com	pletion (i	nitial productio		CHE
n name of Westella Helia	JM	produc	ed oil or gas	Oil (bbls/day)		ACF/day)	Di	y?
Date plugged:		Total					when plu	ged:	Water (hts (dow)
7/22/78				c	bbls/day	<u> </u>	4/ C	ICF/day)	~ O	obis/day)
Name of each formation con- laining oil or gas. Indicate which formation open to well- bore at time of plugging	Fluid cont	ent of ea	ich formation	Depth in	terval of	each fo	ormation	Size, kind & Indicate zon giving amou	es squeeze	
SHINDRUMP				116	0-	IN	20	135 SK.	Chr	s A
3/4/100/10/				7.0	<u> </u>		/	Cene	w1	<u> </u>
_							<u> </u>			·····
O-SURFACE				U		90		CIRCA	112TE	Coan
			CASING	RECORD		 -				
Size pipe Put in well (ft.)	Pulled out	t (1t.)	Left in well (ft.)	Give de method o casing ripped	f parting (shot,			Packers and	shoes	
7" 274			274				-			
								·		
4/12 1152			1152							
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In addition to other information in plugging operations to base of frietter from surface owner authoriging which might be required.	required on t esh water sa izing comple	his form nd. perfo	. if this well was orated interval to this well as a wa	plugged fresh w ter well a	back for ater san ind agree	use as d, nam eing to	a fresh we and ad assume fo	ater well, give dress of surfa ull liability for	all pertiner ce owner, any subse	nt details o and attack quent plug
Use reverse side for additional det	ail.									
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CERTIFICATE: I, the undersigne	d, under the									of th
report was prepared under my sup	ervision and	direction	_(company) and and that the fact	that I am s stated th	authoriz erein are	tru s ed	aid compa	ny to make the	is report; a	nd that thi
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Permit No				Form	No. 10					

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LICATION TO ABANDON AND PL

ERATOR WESTERN Helium eral, State, or Indian Lease Number	ADDRESS BOX51 FORMINGTON New MIT 4553 WELL NO.	
essor's Name if Fee Lease 57376	WELL NO.	
ATION NE/4 NE/4 Sec. 36	TOON ROTE	
DE OF WELL G 25	TOTAL DEPTH	
(Oil, Gas or Dry Ho LOWABLE (If Assigned)	×.	
ST PRODUCTION TEST OIL.	(Bbls.) WATER	_(Bbls.)
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PROPOSE TO Plug do Leaving 4/2" Casing & Clear Commencing operations 7/2/7 NAME OF PERSON DOING WORK John Curi Bignature Box Address 7/13 Date Approved	Supply ADDRESS BOX 51 Falty of ARIZONA OIL & GAS CONSERVATION COMMISSION	√\$70 ek (
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Permit No...

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WARTS:

June 7, 1978

Memo to File:

Western Helium Connelly #1 KM State NE/4 NE/4 Sec. 36, T20N, R27E, Apache County

State Permit 553

Since April, 1977, I have attempted to have Western Helium Company plug the subject well. In recent weeks, I have resorted to telephone conversations with Western representative John Cunningham of Farmington, New Mexico. Mr. Cunningham has repeatedly assured me that Western was ready to plug this hole, however promises are all that have been received.

On this date, I contacted Ray Kayser with Kayser Insurance Agency in Farmington, New Mexico. Mr. Kayser issued Bond No. 1674375 through Travelers Indemnity Company to Western Helium. Mr. Kayser was informed that if Western Helium does not plug this hole soon, it will be necessary to call upon the bonding company to fulfill its obligations and do the plugging. Mr. Kayser assured me he would contact the operators and do his best to force them to commence plugging operations.

W. E. Allen Director Enforcement Section

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April 11, 1974

Memo to file: Western Helium Corp. Connelly #1 KM State Permit Number 553

Memo from W. E. Allen, Director Enforcement Section

In reference to our letter to Western Helium dated March 11, 1974, Since there is no longer a market for gas produced from this well, we are requesting Eastern as operator of this well to plug and abandon the well as quickly as possible. October 12, 1973

Memo to File: Western Helium Corporation Connelly #1 KM State Permit Number #553

Memo from W. E. Allen, Director Enforcement Section

TheoArizona State Lease covering the NW/4 NE/4, S/2 SE/4, NE/4 SE/4 of Section 36, Township 20 North, Range 27 East, Apache County, Arizona was issued to Western Helium on August 23, 1973.

1 - Eastern Pet. Co.

1 - State Land Dept.

1 - State Land De

DESIGNATION OF OPERATOR

The undersigned is the record holder of Lease:
(Number or name of lease and description of entire lease acreage)

WESTERN HELIUM CORPORATION

anu mereby designates

Name: Ras

Eastern Petroleum Company

Address: Box 291, Carmi, Illinois 62821

as his operator and local agent, with full authority to act in his behalf in complying with the terms of the lease and all regulations, whether Federal, Indian, State, or local, applicable thereto and on whom may be served written or oral instructions in securing compliance with all the applicable lease terms, and rules and regulations of the Oil and Gas conservation Commission, State of Arizona, with respect to:

(Describe only the acreage to which this designation applies)

State Lease #10263 - NW NE; NE SE & S/2 SE Section 36-20N-27E, Apache Co., Arizona

It is understood that this designation of operator does not relieve the lessee of responsibility for compliance with the terms of the lease and with all the applicable rules and regulations of the Oil and Gas Conservation Commission, State of Arizona. It is understood that this designation of operator does not constitute an assignment of any interest in the lease.

In case of default on the part of the designated operator, the record holder of the lease remains primarily responsible for and will make full and prompt compliance with all applicable lease terms, the rules and regulations of the Oil and Gas Conservation Commission, State of Arizona, or orders of other appropriate regulatory governmental agencies.

The lessee agrees promptly to notify all proper authorities and appropriate regulatory governmental agencies on any change in the designated operator.

The designated operator agrees to promptly notify all proper authories of any change of his address during the period in which this designation of operator is in force.

WESTERN HELIUM CORPORATION

BY: Courte President

Lessee

(Date)

February 15, 1972

(Date)

BY: Courte President

B

(If this Designation of Operator applies to a State of Arizona Oil and Gas Lease, copy of this designation of operator must be filed with the State Land Department.)

OPERATO	CERTIFICATE	OF COMPLIANCE	ROM LEA	RIZATION
<u></u>	Field			Reservoir
ederal. State or Indian Lease Number, r lessor's name if fee lease		Navajo Spring	s	Shinarump
urvey or Sec-Twp-Rge	County			State
Sec. 36-20N-27E	A	ache		Arizona
Perator Eastern Petroleum	Company			
ADDRESS	ALL CORRES	PONDENCE CONCER	ning this	FORM TO:
reet	City			State
Box 291	1 (Carwi		Illinois 62821
bove named operator authorizes (name of tro				
Western Helium Corporati	OB			State
ransporter's street address	City			Arizona 85013
1111 Townehouse Towers	Pho	enix		Allaun San
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	QD, com		-	
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Name of gatherer		% transported	Product u	ransported
None]	
Моне			1	
			<u> </u>	
			<u> </u>	
Indicate whether or not this certificate is followed name, change of gatherer, or a consoling. New lease	or a new lease. lidation or sub-	If not a new lease, i livision of leases and	indicate whe give effective	ther or not it is a change of operator, change of date of change.
The undersigned certifies that the rules and drilling and producing operations on this least percentage of the allowable oil or gas producer until cancelled by the State of Arisona O	red from the a	bove described proper	il & Gas Conce above transty, and that	nservation Commission have been complied with sporter is authorized to transport the above specii this authorization will be valid until further not
CERTIFICATE: I, the undersigned, under th	e penalty of pe	rjury, state that I am t	he	Secretary of
1				d by said company to make this report; and that
Eastern Letroteam Comba	od direction and	company), and that I a I that the facts stated t	herein are tr	ue, correct and complete to the best of my knowle
February 15, 1972		 -	Signature	MEdwar-
Date				RECEIVED
Date approved:				KECLIAND
STATE OF ARIZON OIL & GAS CONSERVATION (A			FEB 1 8 10

0 & G CO; ...

STATE OF ARIZONA
OIL & GAS CONSERVATION COMMISSION
Operator's Certificate of Compliance & Authorization to
Transport Oil or Gas from Lease
File Two Copies

Form No. 5

£.)

Permit No. 553

w ornsin

Well: E.P.Co Kerr-State #1
Sec 36, T20N, R27E i
Apache County, Arizona

Eastern Petroleum Company P. O. Box 226 Farmington, New Mexico 87401

Status: produced from 2-7-72 to 2-11-72

RECEIVED

FEB 10 19/2

0 & G CONS. COMM.

553

.

Well: E P C Ken-State No. 1 Sec. 36, T20N, R27E Apache County, Arizona Eastern Petroleum Co. P. O. Box 226 Farmington, New Mexico 87401

Status: Well presentyl S.I.-W.O.P.

RECEIVED

JAN 60 1816

0 & G GOITS, CUMM,

553

Well: E.P.Co Kerr-State #1 Sec 36, T20N, R27E Apache County, Arizona Eastern Petroleum Company P. O. Box 226 Farmington, New Mexico 87401

Status: Temporarily S.I.

RECEIVED
FEBUS 1972
0 & G CONS. COMM.

#553

Well: E.P.Co Kerr-State #: Sec 36, T20N, R27E Apache County, Arizona Eastern Petroleum Compa**ny**P. O. Box 226
Farmington, New Mexico
87401

RECEIVED

Status: On stream - 1-31-72

FEB 8 1972

555

O & G CONS. CUMM.

533

WELL: KM - State No. 1 Sec. 36, T20N, R27E Apache Co., Ariz. Eastern Petroleum Co. P.O. Box 226 FMN 8**7**401

Status: Placed on Western Helium pipeline 1-08-72, S.I. pressure taken and flow rate. Waiting on continual operation of Helium plant.

RAF

Recher

CASE PROPERTY.

EASTERN PETROLEUM CO EASTERN DRILLING, INC.

TO ADMONS 38-24104 . P. O. BOX 291 . CARMI, ILLINOIS

December 27, 1971

Mr. W. E. Allen Oil & Gas Conservation Comm. 4515 North 7th Avenue Phoenix, Arizona 85013

Dear Mr. Allen:

The following listed wells will remain as noted until sometime after January 11, 1972:

Kiva #1 - Temporarily Abandoned -

Santa Fe #6-X! - Swabbing back frac water

Santa Fe #1-25 - Waiting on permit, moving in rotary

Chambers #1 - Temporarily Abandoned

Mestern Helium Kerr-McGee

Conselly #/ KAA Strip

Waiting on cable tools to swab back Fra E

Yours very truly,

EASTERN PETROLEUM COMPANY

553

Henry Fullop

HF:sjn

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O&G CONS. COMM.

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ATTO THE CASE

O & G CONS. LUMM.

GEOLOGICAL WELL REPORT

OPERATOR NEW. LOCATION SEE ELEV: 5832 G SURFACE PIPE	E 660 FNL, 660 . 36 T20N R27E rd,5834 RB comm 274' of 7" cem c Gemma-Density	FEL	Apach Drig. Ccomp oil stringelectri	s comp. 5-19-1971 6-10-1971 1152' of	TATE APIZODO TATE APIZODO L TOTAL DEPTH 1160' Driller SIZE 4½" CEMENT 80 5X DD - 285' - 1155' Drilling Company
		FORM	ATION DA	<i>TA</i> .	
_	SAMF	LETOPS		G . R. 4	AND/OR ELECTRICAL LOG TOPS
	Chinle shale	<u> </u>	2451		(+)5589
0	Sonsela "A"	8ed 	2951	3061	(+) 5528
COLORADO	Lower Petr.	Forest Mbr	320'	3331	(+)5501
	Monitor Butt	e Mbr	1.030'	1031	(÷)4803
DURANGO,	Shinarump co	ngl. mbr	1060'	1060	(+)4774
9	Moenkopi fm.		.1090'	1088	(+)4746
1/57	DEPTH	DESC	CRIPTION	AND/OR GAS	REMARKS (CIRCULATING, ETC.)
6£010615T		— Noi			
76		This was solel			•
		nitrogen-heliu	m qas te	st. No shows	of
<i>1407H</i>		oil or gas wer	e eviden	t.	553
ė;		Coconino sands			
R08ERT		projected dept	<u>h - 1222</u>) 1	(+)4512 RECEIVED
					JUN 25 15/1

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THE MEET LESS

RING DATA: No cores were taken. The Sample quality was Fair	
from Surface to 860 feet and good to excellent from 860 feet to	
total depth (1160 feet).	
Samples were taken to Four Corners Sample Assoc. in Farmington	
for storage and distribution.	
RILL-STEM TEST DATA: No drill stem tests were taken.	
	·
OMMENTS: The No. 1-KM State well was drilled to test the Shinarum	2
conclomerate on the high side of the East Navejo Springs Fault;	<u> </u>
(an east-west trending fault with a displacement of 188 plus feet)
The Shinarump conglomerate was deposited by streams. It is	
cleaner in the channel areas and when near faulting it is recharg	
	,
from lower gas reservoirs.	
553	
<u> </u>	

one one

•	it was recommended that pipe	
be set and cemented through the S	Shinarump congl. and the following	
intarvals perforated and sand-wat	er frac.	
1070 – 1074; 1076 – 1086 ա/2	2 holes per foot.	•••
Stimulation treatment should be a	about 20,000 gals water & 16,000 lbs	 3
of 20-40 and 10-20 mesh send,		
	nst during drilling, waiting on	
the cement truck and on mud oumo	recasive On the Whole or:	
•	ncountered.	
serious drilling problems were e	ncountered.	
serious drilling problems were e	s: 1070 - 1074 & 1075 - 1086 with	
serious drilling problems were e	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in	
serious drilling problems were e	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water	
serious drilling problems were e	s: 1070 - 1074 & 1076 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge	
serious drilling problems were e	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water	
serious drilling problems were e	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge calculated 13 MCF/24 hrs. Pressure after 18 hour shut-in	
serious drilling problems were e	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge calculated 13 MCF/24 hrs. Pressure after 18 hour shut-in is 103 psig.	
June 9, 1971 Perforated interval	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge calculated 13 MCF/24 hrs. Pressure after 18 hour shut-in is 103 psig. formations penetrated.	
June 9, 1971 Perforated interval	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge calculated 13 MCF/24 hrs. Pressure after 18 hour shut-in is 103 psig.	
June 9, 1971 Perforated interval	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge calculated 13 MCF/24 hrs. Pressure after 18 hour shut-in is 103 psig. formations penetrated.	
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June 9, 1971 Perforated interval	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge calculated 13 MCF/24 hrs. Pressure after 18 hour shut-in is 103 psig. formations penetrated.	
June 9, 1971 Perforated interval	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge calculated 13 MCF/24 hrs. Pressure after 18 hour shut-in is 103 psig. formations penetrated. Respectfully submitted, Robert E. Lauth AIPG No. 1366, AAPG No. 707	
June 9, 1971 Perforated interval	s: 1070 - 1074 & 1075 - 1086 with with 2/ft Gas to surface in one minute after remaining water swabbed out of pipe - Gauge calculated 13 MCF/24 hrs. Pressure after 18 hour shut-in is 103 psig. formations penetrated. Respectfully submitted,	

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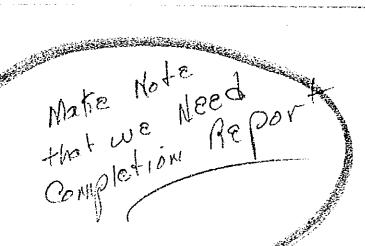
PAGE 3.

May 24. 1971

Received samples to day from the

Western Helium, #1 K-M State Connelly Sec.36-20N-27E Apache Co. Arizona File # 553

Four Corners Sample Cut
P.O.Box # 899
Farmington, New Mexico 87401



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SUNDRY NOTICES AND REPORTS ON WELLS

1. Name of Operator Western Helium	Corporation
2. OIL WELL GAS WELL X OTHER GEN	ecity)
3. Well Name Western Helium Corporation C	
	O'FEL
Sec. 36 Twp 20 Rge 27	E County Apache Arizona
4. Federal, State or Indian Lease Number, or lessor's name if fee lease	at 1
5. Field or Pool Name East Navajo Sprin	gs Shinarump
6. Check Appropriate Box to Indicate Nature of Notice, Report, or Other Data	ı
FRACTURE TREAT DIRECTIONAL DRILL FRA SHOOT OR ACIDIZE PERFORATE CASING SHO REPAIR WELL CHANGE PLANS	SUBSEQUENT REPORT OF: TER SHUT-OFF MONTHLY PROGRESS ACTURE TREATMENT REPAIRING WELL OUTING OR ACIDIZING ABANDONMENT HER) Casing Program X (NOTE: Report results of multiple completion on Well Completion or Recompletion Report and Log form.)
 DESCRIBE PROFOSED OR COMPLETED OPERATIONS (Clearly state all starting any proposed work. If well is directionally drilled, give subsurface zones pertinent to this work.) 	pertinent details, and give pertinent dates, including estimated date of locations and measured and true vertical depths for all markers and
Surface Casing 7" cemented w plus 2% CACL 5:30 p.m. May 8, 1971	ith 60 sx class A cement
Production string 4½" - J-55 class C cement 7:00 p.m. May 20, 1971	smls cemented with 80 sx

RECEIVED MAY 25 1971 O & G CUNS. COMM.

3. I hereby certify that the foregoing is true and correct.	
Signed And Halten	Title Secretary Date 5/24/7/
	STATE OF ARIZONA OIL & GAS CONSERVATION COMMISSION Sundry Notices and Reports On Wells
F 553	File Two Copies Form No. 25

RECORD OF SAMPLE DESCRIPTION

. . e PAGE N

	-M-5. Vester		um-T. H. Connelly STATE ARIZONZ COUNTY Apache
SAMPLES FR	DM	<u>От</u> с	, 340 EXAMINED BY R. E. LOUTH DATE May
FROM	то	DRLG.TIME	LITHOLOGIC DESCRIPTION, FORMATION AND REMARKS
0	10	3/3	100 Sand loose tan ufg r-se good pak
10	20	3/2	100 Sand detto
20	30	2/2	100 Sand ditto
30	40	5/5	100 Sand Sitto
40	50,	5/5	100 Sand ditto
50	60	5/5	100 Sand ditto
60		5/5	100 Sand detto
_70	_80_	5/5	100 Sand ditto f-mg
80	90_	5/5	100 Sand ditto
90	100	5/5	100 Sand detto uf-crs gr rnd
100	10	5/7	100 Sand ditto to red ufg ss
	20_	7/7	
20	30	5/5	100 SAND ditto
30	40	5/5	100 SAND ong. rnd
40	50	3/3	100 sand ditto in part s/ty
50	60	3/5	100 SAND Uf-fg Buff good pak
_60	70	5/5	100 SAND J-mg
70	80	5/5	106 SAND ditta
80	90	5/8	100. SAND ditto wife stry TRIEd, buff shale
90_	200	8/8	100 SAND detto V. Sty fair PAK
200	10	5/5	100 SAND ditto fined gr. good pola
	20	5/9	100 SANO ditto Sty Suff color
20	30	10/10	100 SAND ditto
30 40	_40 50	10/10	100 SANO dista
50	60	10/10	50 SAND RED ufg poor pak 50 Sh. dkred s 1/4g 80 SS as above 20 Sh. di Ho
60	70	8/8	
70	80	8/9	
80	90	9/9	
90	300	19/19	
300	10	15/15	,
_10	20	15/15	
20	30	12/15	20 ss ditto 80 Sh. It.gray lad red
30	40	15/15	10 ss low dirty wife poor pok go Sh. purp.

1,1

RECORD OF SAMPLE DESCRIPTION 27 E LOCATION NENE] 660 FNL; 660 FEL ELEVATION 5832 Grd 5835 KB KM-State OWNER Western Helium - T.H. Connelly STATE ARIZONE 680 EXAMINED BY R.E. LOW th DATE May 13, 1971 SAMPLES FROM. DRIG TIME LITHOLOGIC DESCRIPTION, FORMATION AND REMARKS Min per 2 50 30/25 100 Slist lau -red 340 30/25 50 25/30 60 70 50/15 80 70 80 90 400 10/10 400 10 20 20 <u> 30</u> 10/20 80 Sh ditto 40 30 100 Sh detto 40 50 15/15 60 50 60 70 5/5 100 Sh Vario 80 70 100 Sh 5/7 80 90 100 Sh Calc 500 10/7 90 100 Sh 500 10/5 100 54 TR med RNd sd.gro 22/6 TR Bright red - Bent 100 Sh 30 100 5h 30 40 40 50 5/10 100 34 8/10 100 Sh 60 50 TR 55 loose mg rnd 100 Sh purp - red -calc 6/8 60 70 1055 1005e 1-mg and 90 Sh. ditto 10/10 70 80 10 ss dittoll 10/10 90 Sh - some book red 80 90 100 Sh detto bentonitic 90 10/5 600 10/12 100 54 V some dk & It red 600 10 5/15 20 100 54 10 15/5 TRLS wht x/n nod. 20 30 1005h ~ 30 30 55 fg-med-loose guy 70 54 40 10 55 ditto NO PAK 10/16 40 90 Sh vdkred 50 100 Sh ditto 9/10 TR SS \$/s nod 50 15/25 100 sh 60 70 100 54 9/14 70 80

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RECORD OF SAMPLE DESCRIPTIO. LOCATION [NENE] 660 FNL; 660 FEL DRLG.TIME LITHOLOGIC DESCRIPTION. FORMATION AND REMARKS Min per 511 100 Sh dutto 680 1055 loose covings 700 10/10 20 30 40 30 50 40 50 60 70 10 80 800 90 800 20 10 30 20 <u> 30</u> 18/16 3055 N/g/005C SR-SA 50 40 60 50 15/ 10 70 60 70 80 10/10 TR 55 octaleng. 100 54 90 80 TRSS TRISHOOD 100 sh 90 900 10054 -8/10 900 10 10/10 10054 20 10 10/10 TR 15 nod. 20 30 10/10 90 54 1 1055 2/g loase 40 30 10/15 100 Sh 40 50 12/10 10056 tR -50 60 70 ss 100se u/g sr-A occasong Bosh 22/15 60 70 80 54 20 55 80 70 90 10/15 Varied 20 55 80 70 0% 30 55 90 1000 100 54 22/10 TR 5: ar radgr. 1000 20 20/15 100 Sh

RECORD OF SAMPLE DESCRIPTION

SEC. 36 TWP. 20 N RGE. 27 E LOCATION

FARM KM-State NO. L

OWNER Western Helium-T. H. Connelly State. All 130

BAMPLES FROM 1020 TO. 1160 EXAMINED BY R. E. L

FROM TO DRIGHTED LITHOLOGIC DESCRIPTION. F

TWP 20N RGE 27E LOCATION [NENE] 660 FNL; 660 FEL ELEVATION 5832 Grd . 5835 KB OWNER Western Helium - T. H. Connelly STATE ARIZONA DRLG.TIME Min per≤11. LITHOLOGIC DESCRIPTION, FORMATION AND REMARKS 20/40 1020 30 40 100 Sh varicol 30 40 50 10 ssclear crsgr. 100se 9054 detto 50 60 1005h 70 60 90 So mg - crsgr SR-SA Good pok 10 Sh ditto some braved 70 80 90 80 90 1100 50 Sh 16 50 Sh 1100 20 70 56 30 20 40 20/10 30 55 70 54 30 20/25 30 55 7054 40 50 80 Sh choc. red-brn 25/30 60 20 55 50 T/D - 1160' DELG

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May 7, 1971

Memo from W. E. Allen

Memo to: Western Helium Connelly #1 KM STate NE/4 NE/4 Section 36-T20N-R27E Apache County Our File #553

Well spudded on 5-5-71. Set 300' of 7" **EXECUTE** surface casing on 5-6-71. Cement circulated.

553

RECEIVED

MAY 6 1971

0 & G CONS. COMM.

COMMUNITIZATION AGREEMENT

WESTERN HELIUM CORPORATION #1 State Well

THIS AGREEMENT, made and entered into this 2/stday of April, 1971, by and between KERR-McGEE CORPORATION, a corporation, as lessee, whose address is Kerr-McGee Building, Oklahoma City, Oklahoma 73102, WESTERN HELIUM CORP-ORATION, an Arizona corporation, whose address is Suite #3, Box 1358, Scottsdale Square, 44 East Indian School Road, Scottsdale, Arizona 85252, as lessee, and THOMAS H. CONNELLY, an individual, as Operator, whose address is 526 Midland Savings Building, Denver, Colorado 80202.

WITNESSETH:

WHEREAS, Kerr-McGee is the present owner and holder of that certain Oil and Gas Lease bearing State of Arizona Serial No. 10263, executed by the State of Arizona, as Lessor, under date of May 8, 1966, embracing the following described lands in Apache County, Arizona, towit:

Township 20 North, Range 27 East, GSRM Section 36: NE/4 NE/4, S/2 NE/4

containing 120.00 acres, more or less;

and

WHEREAS, Kerr-McGee is the present owner and holder of that certain Oil and Gas Lease bearing State of Arizona Serial No. 12004, executed by the State of Arizona, as Lessor, under date of May 28, 1968, embracing the following described lands in Apache County, Arizona, towit:

Township 20 North, Range 27 East, GSRM Section 36: NW/4 NE/4, S/2 SE/4, NE/4 SE/4

containing 160.00 acres, more or less;

and

WHEREAS, Western Helium Corporation is the present owner and holder of that certain Competitive Oil and Gas Lease bearing State of Arizona Serial No. 3, executed by the State of Arizona, as Lessor, under date of February 17, 1971, embracing the following described lands in Apache County, Arizona, to-wit:

Township 20 North, Range 27 East, GSRM Section 36: W/2, NW/4 SE/4

containing 360,00 acres, more or less;

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and

WHEREAS, in order to expedite the execution of the Agreement, the overriding royalty owners on each of the above described tracts are ratifying this agreement; and

WHEREAS, the parties hereto desire to communitize and pool the above described oil and gas leases, insofar as the above leases cover the above described lands, in order to form one tract or drilling unit for the production of oil and/or gas and associated liquid hydrocarbons and/or helium from the Shinarump Formation, as follows, to-wit:

Township 20 North, Range 27 East GSRM Section 36: All

containing 640.00 acres, more or less;

and

WHEREAS, in order to be consistent with existing rules and regulations covering well spacing and production allowables, the parties hereto desire to operate the entire communitized tract for the purpose and intention of developing oil and/or dry gas and associated liquid hydrocarbons and/or helium from the Shinarump Formation as an entirety in accordance with the terms and provisions of this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual advantages offered by this Agreement, it is mutually covenanted and agreed by and between the parties hereto as follows:

- 1. The lands subject to this Agreement shall be developed and operated for oil and/or dry gas and associated liquid hydrocarbons and/or helium producible from the Shinarump Formation as an entirety with the understanding and agreement that the oil and/or dry gas and associated liquid hydrocarbons and/or helium so produced from the above described communitized tract, shall be allocated among the leaseholds comprising said acreage in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed hereto. The royalties payable for oil and/or dry gas and associated liquid hydrocarbons and/or helium so allocated to the lands comprising the leaseholds and the rentals provided for therein shall be determined and paid on the basis respectively prescribed in the individual leases.
- 2. Connelly shall be unit operator of said communitized tract and all matters of operation and adjustments between the working interest owners shall be performed by Connelly. There shall be no obligation of Connelly to offset any oil and/or dry gas and/or helium well or wells on separate component tracts into which said communitized unit is now or may hereafter be divided, nor shall Connelly be required to separately measure said oil and/or dry gas and associated liquid hydrocarbons and/or helium by reason of the diverse interests in the oil and/or dry gas and/or helium in and under said tracts, but Connelly shall not be released from his obligations to protect said communitized unit from oil and/or dry gas and/or helium well or wells which may be drilled offsetting said tract.
- 3. Except as herein modified and changed, said Oil and Gas Leases hereinable described shall remain in full force and effect as originally made and issued. It is further agreed that the commencement,

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completion, continued operation or production of a well or wells for oil and/or dry gas and associated liquid hydrocarbons and/or helium on the communitized tract from the Shinarump Formation as an entirety shall be construed and considered as the commencement, completion, continued operation or production as to each lease committed hereto.

- 4. Production of communitized substances and disposal thereof shall be in conformity with allocations, allotments and quotas made
 and fixed by any duly authorized person or regulatory body under applicable Federal or State Statutes. The provisions of the Agreement shall
 be subject to all applicable Federal or State Statutes or executive orders,
 rules and regulations which affect performance of any of the provisions
 of this Agreement, and Connelly shall not suffer a forfeiture or be liable
 in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by or if such failure results from
 compliance with any such law, rule or regulation.
- 5. This Agreement shall be effective as of the date hereof, upon execution by the parties hereto, notwithstanding the date of execution, and shall remain in force and effect for a period of two (2) years and so long thereafter as oil and/or dry gas and associated liquid hydrocarbons and/or helium are produced from any part of said communitized unit in paying quantities, provided that prior to production in paying quantities from said communitized unit and upon fulfillment of all requirements of the Oil & Gas Conservation Commission of the State of Arizona with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by the mutual agreement of the parties hereto.
- 6. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their heirs, executors, administrators, successors and assigns.
- 7. This Agreement may be executed in one or more counterparts by any of the parties hereto and all counterparts so executed shall be taken as a single Agreement and shall have the same force and effect as if all parties had in fact executed but a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first hereinabove written.

ATTEST:

Carle & Carela

By:

Medianny Ties President

AW DEPT.

WESTERN HELIUM CORPORATION

ATTEST:

By:

President

Western

By:

President

Western

By:

President

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-OFFICE OF THE OIL & GAS CONSERVATION COMMISSION PHOENIX, ARIZONA I HEREBY CERTIFY that the foregoing Communitization Agreeday of April, 1971, and CONment was filed in my office on the SENTED AND APPROVED by me on April_____, 1971. John Bannister Executive Secretary STATE OF OKLAHOMA SS. COUNTY OF OKLAHOMA) On this 30 day of April, 1971, before me appeared J. W. McKenny, to me personally known, who, being by me duly sworn, did say that he is the President of KERR-McGEE COR-PORATION, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation and by authority of its By-Laws J. W. McKenny acknowledged said instrument to be the free act and deed of said corporation. IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written. My Commission expires: Notary Publichin and for Oklahoma County, Oklahoma STATE OF ARIZONA COUNTY OF MARICOPA) day of April, 1971, before me appeared , to me personally known, who, being by President of WESTERN me duly sworn, did say that he is the HELIUM CORPORATION, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation and by authority acknowledged of its By-Laws and said

said instrument to be the free act and deed of said corporation.

My Commission expires:

my official seal the day and year in this certificate first above written.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed

County, Arizona

Notary Public in and for Maricopa

demands.

STATE OF COLORADO)

COUNTY OF DENVER)

On this Alet day of April, 1971, before me personally appeared THOMAS H. CONNELLY, to me known to be the person described in and whose name is subscribed and who executed the foregoing instrument and acknowledged to me that he duly executed the same as his free and voluntary act and deed.

SS.

Given under my hand and seal the day and year last above written.

My Commission expires:

Notary Public in and for Denver

County, Colorado

APPLICATI	ON FOR PERM	IT TO DRILL OF	KE-ENTER	
APPLICATION TO DRILL		AND LABOR.	RE-ENTER OLD WELL []	
	-	Lium Corporat	cion	
VAME OF COMPANY OR OPERATOR				
P.O. Box 1358	Sec	ottsdale .	Arizona	85252
Address		у	State	
Eastern Petroleum Compan	ıv.			
Drilling Contractor				
P.O. Box 291.	Carmi, I	llinois		
Address				
		F WELL AND LEASE	TH Connection (gr	ound)
Federal, State or Indian Lease Number, or if fed State	. Series traine or lesson	#1 KM State 5		5832
Nearest distance from proposed location to property or lease line:		Distance from propos completed or applied	ed location to nearest drilling —for well on the same lease:	.
, 660°	feet		NA	feet
Number of acres in lease:		Number of wells on completed in or drill	lease, including this well, ing to this reservoir:	•
¹ 640	• •	}		
If lease, purchased with one or more wells drilled, from whom purchased:	ne		Address	•
Well location (give footage from section lines)	l l	wnship range or block		Comply with Rule 105) T20N R27E
660 FNL & 660 FEL Field and reservoir (if wildcat, so state)	\$ec 36	T20N R27	E pec 36	TZUN RZ/E
Wildcat			ache	
Distance, in miles, and direction from nearest to 8 miles southeast	iwn or post office			
Proposed depth:	Rotary or cable tools		Approx. date work will a	
1160	Rota	ıry		
Bond Status 25,000 Amount Blanket	Organization Report	Or attached	Filing Fee of \$35.00 Attached Attached	
Amount DIGING	1 OR INC			
	<u>.</u>		•	•
•				
		•		
CERTIFICATE: I, the undersigned, under the	penalty of perjury, st	ate that I am the	President	of the
Western Helium Corporat	ion (company)	and that I am authorized	by said company to make th	is report; and that this
Western Helium Corporat report was prepared under my supervision and o	irection and that the fa	cts stated therein are tru	e, correct and complete to the	best of my knowledge
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M	IAY 3 1971	Dave	139//	
0.8	& G CONS. COMM.	an a se		
Permit Number: 553				
Approval Date: 5-3-71	7	_	STATE OF ARIZONA	
Approved By LEG John /	monster	OIL &	GAS CONSERVATION CO Application to Drill or Re-er	
//	that you have given		File Two Copies	
Notice: Before sending in this form be sure all information requested. Much unneache will thus be avoided.	ecessary correspond-	Form No. 3		

(Complete Reverse Side)

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Operator shall cuttine the dedicated acreage for both oil and gas we	lis on	the h	ıη.
Michigan Billi Citifulity till contenies and and			

- 2. A registered professional engineer or land surveyor registered in the State of Arizona or approved by the Commission shall show on the plat the location of the well and certify this information in the space provided.
- 3. All distances shown on the plat must be from the outer boundaries of the Section.
- 4 Is the Operator the only owner in the dedicated acreage outlined on the plat below? YES NO X
- 5. If the answer to question four is "no," have the interests of all the owners been consolidated by communitization agreement or otherwise? YES. X NO_______ If answer is "yes," Type of Consolidation Submitted
- 6. If the answer to question four is "no," list all the owners and their respective interests below:

Land Description Owner CERTIFICATION I hereby certify that the information above is true and complete to the best of my knowledge and belief. Position President Company Western Helium Corp. Date I hereby certify that the well location shown on the plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my knowledge and belief. Date Surveyed Registered Professional Engineer and/or Land Surveyor Certificate No. 500 1000 990 1320 1650 1980 2310 2640 2000 1500

PROPOSED CASING PROGRAM

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THOI COME CHANGE							
Size of Casing	Weight	Grade & Type	Тор	Bottom	Cementing Depths	Sacks Cement	
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412			0	1160		50	
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0 25 3! 35 Proposed Location Section Scale: |"= 1000" 31 RECEIVED 35 6 MAY 3 19/1 0 & G CONS. COMM.

WELL LOCATION: WESTERN HELIUM CORP - T.H. CONNELLY - NO. I - KM-STATE

Located 660 feet South of the North line and 660 feet West of the East line of Section 36, Meridian Gila and Salt River Ronge 27 Easi, Township 20 North,

Apache County, Arizona

Existing ground elevation determined at 5832 feet based on U. S.G.S. datum.

SED LAND SO

STITION TE

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I bereby centrify the above plot represents a survey made uncer my supervision and that it is occurate

FREDERICK H. REED Registered Lond Surveyor STATE OF ARIZONA NO, 5313

WESTERN-HELIUM CORP Scattedale, Arizona

WELL LOCATION PLAT SEC.36, T20N, R27E APACHE CO., ARIZONA

CLAHK - MEED & ASSOC. Dutango , Colorado

DATE: April 9, 1971 FILE NO: 71038

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PERMIT TO DRILL

This constitutes the permission and authority from the

OIL AND GAS CONSERVATION COMMISSION, STATE OF ARIZONA,

To:	·	THO	HAS CONNELL			
10			(Ó)	PERATOR)		•
· .		†o	o drill a well	to be know	n as	
	WESTERN H	ELIUM CORP	ORATION CON	MELLY #1 F	M STATE	<u>,, , , , , , , , , , , , , , , , , , ,</u>
				NAME)		
located_		660° F	NL - 660° F	EL.		
Section_	36 Towns	ship 2011	Range2	7 <u>6</u> ,_	APACHE	County, Arizona.
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	Township and I				•	
S = :	d well is to be o	drilled subst	antially as out	tlined in the	attached Applicat	ion and must be drilled
in full c	ompliance with	all applicab	le laws, statu	tes, rules ar	nd regulations of t	he State of Arizona.
lss	ued this 3rd	day of	<u></u>	MAY	, 1	9_71
				OIL AND	GAS CONSERVA	TION COMMISSION
				- 450	(lakin) Va	annistan
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State of Arizona

Oil & Gas Conservation Commission

Permit to Drill

FORM NO. 27

API No. 02-001-20140
SAMPLES ARE REQUIRED

and the second

RECEIPT NO. 2887

PERMIT

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553

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BEFORE THE OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA

IN THE MATTER OF THE HEARING CALLED BY THE OIL AND GAS CONSERVATION COMMISSION OF THE STATE OF ARIZONA FOR THE PURPOSE OF CONSIDERING:

CASE NO. 42

ORDER NO. 41

THE ESTABLISHMENT OF A POOL FOR THE DEVELOPMENT OF HELIUM GAS FROM THE SHINARUMP FORMATION AND FOR THE ESTABLISHMENT OF FIELD RULES FOR SAID POOL

ORDER OF THE COMMISSION

BY THE COMMISSION

This cause was considered at 10:00 a.m. on July 15, 1970 at Flag-staff, Arizona, by the OIL AND GAS CONSERVATION COMMISSION of the STATE OF ARIZONA, hereinafter referred to as the COMMISSION.

The COMMISSION, a quorum being present, having considered the facts presented and being fully advised in the premises, finds as follows:

FINDINGS

- (1) THAT the COMMISSION has jurisdiction of the subject matter thereof.
- (2) THAT geological evidence indicates that there is a common reservoir of helium gas underlying the below-described area, which helium gas reservoir should be declared to be a pool.
- (3) THAT the vertical limits of said pool should be the Shinarump Formation, which is generally located at an approximate depth of 1250 feet in this area.
 - (4) THAT geological evidence indicates that the horizontal limits

353

of said pool should be as follows: Township 20 North, Range 27 East, all of Sections 24, 25 and 36; Township 19 North, Range 27 East, Section 1; Township 20 North, Range 28 East, Sections 19, 29, 30, 31 and 32; Township 19 North, Range 28 East, all of Sections 5 and 6.

- (5) THAT field rules should be established for this pool which set forth the name and establishing the vertical and horizontal limits of said pool; that provide for an orderly expansion of same; that provide for spacing of the pool so that initially one well may be drilled on each section but providing that should the information gained from drilling the initial well on each section indicate that additional wells should be drilled in order to provide for adequate drainage as many as three additional wells could be drilled, but that in no event should any wells within a section be located closer than 660 feet to any other well; and further providing that any well within this pool must be located not less than 660 feet from any boundary line of a section contained in the pool; and further providing that the standard rules and regulations of the COMMISSION shall govern all other activities in connection with operations for helium gas within said pool.
- (6) THAT said pool should be named EAST NAVAJO SPRINGS SHINARUMP POOL.
- (7) THAT COMMISSION ORDER NO. 34 in CASE NO. 33, wherein Section 25, Township 20 North, Range 27 East, Apache County, was spaced for 160 acres from the surface through the Coconino Sandstone, should be vacated.

IT IS THEREFORE ORDERED:

- (1) THAT there is established a helium gas pool, which pool shall be named EAST NAVAJO SPRINGS SHINARUMP POOL.
 - (2) THAT the vertical limits of said pool shall be the Shinarump

formation, generally located at an approximate depth of 1250 feet.

(3) THAT the horizontal limits of said pool shall be as follows:

Township 20 North, Range 27 East, all of Sections 24, 25 and 36; Township 19 North, Range 27 East, Section 1; Township 20 North, Range 28 East, Sections 19, 29, 30, 31 and 32; Township 19 North, Range 28 East,

all of Sections 5 and 6.

FIELD RULES

(4) THAT the East Navajo Springs Shinarump Pool may be administratively expanded upon determination by drilling that a contiguous section to those above described is underlain by the common accumulation of helium gas described in Paragraph 2 above and upon presentation to the Executive Secretary of the Commission of evidence as to the discovery of helium gas in the said Shinarump formation.

The Executive Secretary shall give written notice to all owners of working interest in the East Navajo Springs Shinarump Pool of the intended expansion of said pool and said written notice shall allow fifteen (15) days from the date thereof in which to object to the inclusion of said section within the pool. If no objection is received within the time allowed, the Executive Secretary will issue the COMMISSION'S order including the contiguous section within the pool. If any written objection is received within the time allowed, the contiguous section in question shall not be automatically included but the matter of its inclusion shall be heard at the next meeting of the COMMISSION following the registering of said objection.

If a hearing before the COMMISSION is necessary, the Executive Secretary will give notice of the hearing of such objection as required by law and the rules and regulations of the COMMISSION.

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so that one well may be drilled on each governmental section, said well to be located not less than 660 feet from any boundary line of the section provided, however, that in the event an operator finds that in order to avoid waste it is necessary to drill additional wells within the same section, he may drill as many as three additional wells in the section, provided that no more than one well shall be located in each quarter section of such governmental section, and provided that no well may be located closer than 660 feet to any other well in the section.

- (6) THAT the standard rules and regulations of the COMMISSION shall govern all other activities in connection with operations or for helium gas within the above described area.
- (7) COMMISSION's Order No. 34 in Case No. 33, granting Crest Oil Company 160 acre spacing for wells drilled from the surface through the Coconino Sandstone in Section 25, Township 20 North, Range 27 East, is hereby vacated and ordered to be of no further force and effect.

DONE at Flagstaff, Arizona, on the day and year hereinabove designated.

OIL AND GAS CONSERVATION COMMISSION

(SEAL)

Ralph V. Bilby, Chairman

ATTEST:

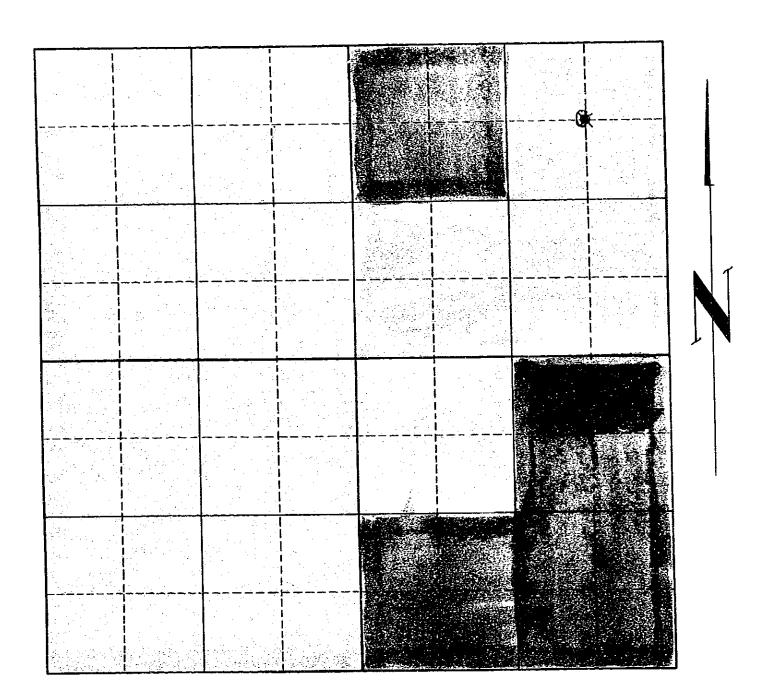
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John Bannister
Executive Secretary

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GAS (MCF) WESTERN HELIUM CONNELLY NO. 1 KM STATE PERMIT 553 (First Production April, 1972) 2000 1750 1500 1250 1000 750 500 1972 JULY AUGUST 1973 APRIL JUNE SEPTEMBER OCTOBER NOVEMBER DECEMBER JANUARY FEBRUARY APRIL MARCH £553

Section 36 Township 20N Range 27E



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1760 Yards
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Competitive Lse. State #3
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THE TRAVELERS

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OCT 2 3 1978

O & G CONS. COMM.

Surety Department E. A. Houser, III, Manager

October 19, 1978

State of Artzona Oil & Gas Conservation Commission 1645 West Jefferson, Suite 420 Phoenix, Arizona 85007

ATTENTION: W. E. Allen, Director Enforcement Section

REFERENCE: Western Helium Corporation Bond No. 1674375 (Computer #10882216) Connelly No. 1 KM State NE/4 NE/4 Sec 36, T2ON, R27E Apache County, Arizona State Permit 553

Dear Mr. Allen:

Per your August 17, 1978 letter to Mr. John Cunningham we pended our bond file for this date. We will appreciate your advising if our bond may now be released. Did Mr. Cunningham file the proper forms for release?

We will pend our file for one month for your reply. Thank you for your assistance.

Susan M. Perry

Underwriter

cc Mr. John Cunningham Kysar Ins. Agency Inc.

October 23, 1978

The Arizona Oil and Gas Conservation Commission authorizes release of the above captioned bond.

DENVER OFFICE OF THE TRAVELERS INSURANCE COMPANIES Cherry Creek Center, 101 University Boulevard, Denver, Colorado 80206 • Telephone: (303) 321-2333 Home Office: Hartford, Connecticut

CANCELLED—

DATE 10-23-78

C

PERFORMANCE BOND

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Permit No

KNOW ALL MEN BY THESE PRESENTS Bond Serial No. Western Helium Corporation That we:_ Arizona Scottsdale in the State of of the County of The Travelers Indemnity Company as principal, and Hartford, Connecticut AUTHORIZED TO DO BUSINESS WITHIN the State of Arizona. as surety, are held and firmly bound unto the State of Arizona and the Oil and Gas Conservation Commission, hereinafter Twenty-five thousand and no/100ths------Dollars referred to as the "Commission", in the penal sum of lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, and each of us, and each of our heirs, executors, administrators or successors, and assigns jointly and severally, firmly by these presents. The conditions of this obligation are that, whereas the above bounden principal proposes to drill a well or wells for oil, gas or stratigraphic purposes in and upon the following described land situated within the State, to-wit: STATE WIDE NOW, THEREFORE, if the above bounden principal shall comply with all the provisions of the Laws of this State and the rules, regulations and orders of the Commission, especially with reference to the requirements of A.R.S. § 27-516, providing for the proper drilling, casing and plugging of said well or wells, and filing with the Oil and Gas Conservation Commission all notices and records required by said Commission, then in the event said well or wells do not produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, or cease to produce oil or gas in commercial quantities, this obligation is void; otherwise it shall remain in full force and effect. (May be used as blanket bond or for single well) Whenever the principal shall be, and declared by the Oil and Gas Conservation Commission in violation of the Laws of this State and the rules, regulations and orders of the Commission, the surety shall promptly: 1. Remedy the violation by its own efforts, or 2. Obtain a bid or bids for submission to the Commission to remedy the violation, and upon determination by the Commission and the Surety of the lowest responsible bidder, arrange for a contract between such bidder and the Commission, and make available as work progresses sufficient funds to pay the cost of remedying the violation; but not exceeding, including other costs and damages for which the surety may be liable hereunder, the amount set forth in the first paragraph hereof Liability under this bond may not be terminated without written permission of this Commission. Western Helium Corporation _day of. The Travelers Indemnity Company RECEIVED MAR 1 1 19/1 O & G CONS. COMM. iff the principal is a corporation, the bond should be executed by its duly authorized officers, with the seal of the corporation affixed. When principal or surely executes this bond by agent, power of attorney or other evidence of authority must accumpany the bond.) STATE OF ARIZONA

OIL & CAS CONSERVATION COMMISSION

O & G CONS. COMM.

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OIL & GAS CONSERVATION COMMISSSION

The Travelers Indemnity Company

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That THE TRAVELERS INDEMNITY COMPANY, a corporation of the State of Connecticut, does hereby make, constitute and appoint

Raymond L. Kysar, Jr. of Farmington, New Mexico

its true and lawful Attorney(s)-in-Fact, with full power and authority, for and on behalf of the Company as surety, to execute and deliver and affix the seal of the Company thereto, if a seal is required, bonds, undertakings, recognizances or other written obligations in the nature thereof, as follows:

Any and all bonds, undertakings, recognizances or other written obligations in the nature thereof not exceeding in amount Two Hundred and Fifty Thousand Dollars (\$250,000) in any single instance

and to bind THE TRAVELERS INDEMNITY COMPANY thereby, and all of the acts of said Attorney(s)-in-Fact, pursuant to these presents, are hereby ratified and confirmed.

This appointment is made under and by authority of the following by-laws of the Company which by-laws

This appointment is made under and by authority of the following by-laws of the Company which by-law are now in full force and effect:

ARTICLE IV, SECTION 10. The President, the Chairman of the Finance Committee, the Chairman of the Insurance Executive Committee, any Vice President, any Secretary or any Department Secretary may appoint attorneys-in-fact or agents with power and authority, as defined or limited in their respective powers of attorney, for and on behalf of the Company to execute and deliver, and affix the seal of the Company thereto, bonds, undertakings, recognizances or other written obligations in the nature thereof and any of said officers may remove any such attorney-in-fact or agent and revoke the power and authority given to him.

ARTICLE IV, SECTION 12. Any bond, undertaking, recognizance or written obligation in the nature thereof shall be valid and binding upon the Company when signed by the President, the Chairman of the Finance Committee, the Chairman of the Insurance Executive Committee, or any Vice President and duly attested and sealed, if a seal is required, by any Secretary or any Department Secretary or any Assistant Secretary, or when signed by the President, the Chairman of the Finance Committee, the Chairman of the Insurance Executive Committee, or any Vice President and countersigned and sealed, if a seal is required, by a duly authorized attorney-in-fact or agent; and any such bond, undertaking, recognizance or written obligation in the nature thereof shall be valid and binding upon the Company when duly executed and sealed, if a seal is required, by one or more attorneys in-fact or agents pursuant to and within the limits of the authority granted by his or their power or powers of attorney.

This power of attorney is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Directors of THE TRAVELERS INDEMNITY COMPANY at a meeting duly called and held on the 30th day of November, 1959:

VOTED: That the signature of any officer authorized by the By-Laws and the Company seal may be affixed by facsimile to any power of attorney or special power of attorney or certification of either given for the execution of any bond, undertaking, recognizance or other written obligation in the nature thereof; such signature and seal, when so used being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

This power of attorney revokes that dated January 21, 1960 on behalf of Raymond L. Kysar, Jr.

IN WITNESS WHEREOF, THE TRAVELERS INDEMNITY COMPANY has caused these presents to be signed by its proper officer and its corporate seal to be hereunto affixed this 3rd day of December 19 62.

THE TRAVELERS INDEMNITY COMPANY

Ву

Secretary, Fidelity and Surety

State of Connecticut, County of Hartford—ss:

On this 3rd day of December in the year 1962 before me personally came R. W. Kammann to me known, who, being by me duly sworn, did depose and say: that he resides in the State of Connecticut; that he is Secretary (Fidelity and Surety) of THE TRAVELERS INDEMNITY COMPANY, the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by authority of his office under the by-laws of said corporation, and that he signed his name thereto by like authority.

PUBLIC ORD, COT

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margaret D. Link

Notary Public

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CERTIFICATION

I, W. A. Person, Assistant Secretary (Fidelity and Surety) of THE TRAVELERS INDEMNITY COMPANY certify that the foregoing power of attorney, the above quoted Sections 10 and 12 of Article IV of the By-Laws and the Resolution of the Board of Directors of November 30, 1959 have not been modified or revoked and are now in full force and effect.

Signed and Sealed at Hartford, Connecticut, this

day of March

1971.



Assistant Secretary, Fidelity and Surety

S-1869 (BACK)

C

CONSENT OF SURETY

WESTERN HELIUM CORPORATION

 NW_{4}^{1} OF SECTION 31, TOWNSHIP 20 NORTH RANGE 28E ANCON 21, SHINARUMP 21A

This will confirm that the Travelers Indemnity Company considers the above captioned well to be included under and covered by the attached bond.

Yours truly,

Raymond L. Kysar, Jr. Attorney-In-Fact

Travelers Indemnity Co.

:mjg

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O & G CONS. COMM.

August 17, 1978

Mr. John Cunningham P.O. Box 51 Farmington, Arizona 87401

> Re: Western Helium Corporation Connelly No. 1 KM State NE/4 NE/4 Sec. 36 - T20N, R27E Apache County, Arizona State Permit 553

Dear John:

On July 26, 1978, you were mailed copies of our Form 9, Application to Plug and Abandon, and Form 10, Plugging Record, together with the request that you complete these forms and return the completed and signed copies to this office as quickly as possible. To date, you have not complied with out request.

Surely, John, it isn't going to be the drawn our procedure getting these forms completed as it was getting the well plugged. As soon as we receive these forms, we will be able to release Western Helium's bond.

Very truly yours

W. E. Allen Director Enforcement Section

WEA/vb

cc - Mr. Alberto Paez The Travelers ~

August 14, 1978

Mr. Alberto Paez Senior Account Analyst The Travelers Cherry Creek Center 101 University Boulevard Denver, Colorado 80206

Re: Western Helium Corporation Connelly No. 1 KM State Sec. 36, T20N, R27E, Apache County, Arizona Bond @1674375 (109B2216)

Dear Mr. Paez:

Last week, we checked the above referenced well location and found everything in order following the plugging of this well.

As quickly as Western Helium Corporation submits our Form 9, Application to Plug and Abandon, and Form 10, Plugging Report, this Commission will be able to release their bond, upon Western Helium's request.

Very truly yours,

W. E. Allen Director Enforcement Section

WEA/vb

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July 26, 1978

Mr. John Cunningham P.O. Box 51 Farmington, Arizona 87401

> Re: Western Helium Corporation Connelly No. 1 KM State NE/4 NE/4 Sec. 36, T20N, R27E Apache County, Arizona State Permit 553

Dear John:

Attached are our Form No. 9, Application to Plug and Abandon, and Form No. 10, Plugging Record.

Please complete these forms and return one copy of each to this office. We will appreciate receiving these completed forms as quickly as possible.

Very truly yours,

W. E. Allen Director Enforcement Section

WEA/vb

Enc.

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JUL 2 4 1978

O & G CONS. COMM.

Surety Department E. A. Houser, III, Manager

July 20, 1978

Mr. Johnny Cunningham Surgo Oil Co. Regional President P.O. Box 51 Farmington, NM 87401

RE: Western Helium Corp. Bond No. 109B2216

Dear Mr. Cunningham

This will confirm several of our resent telephone conversations relating to the State of Arizona Oil & Gas Conservation Commission, Claim on the above bond.

We understand that Surgo Oil has taken over for the responsibilty of plugging the Connelly #1 well.

Accordingly, you have already done some work and attempted to pour some concrete in an effort to properly plug it. However, your efforts were fruitless, and you informed me that you were going back to this location on 7-21-78 to resolve this problem.

I would appreciate your advising us of your progress.

Thank you for your cooperation and assistance.

Yours very truly,

Al Paez Sr. Acct. Analyst Surety-Denver

AP/ls

bcq: Mr. W.E. Allen Arizona Gil & Gas Con. Comm.

DENVER OFFICE OF THE TRAVELERS INSURANCE COMPANIES

Cherry Creek Center, 101 University Boulevard, Denver, Colorado 80206 • Telephone: (303) 321-2333

Home Office: Hartford, Connecticut

٠.,

June 29, 1978

Mr. Alberto Paez Senior Account Analyst The Travelers Cherry Creek Center 101 University Boulevard Denver, Colorado 80206

Nestern Helium Corporation Connelly No. 1 KM State Sec. 36, T20N, R27E, Apache County, Arizona Bond #1674375 (109B2216)

Dear Mr. Paez:

In order to bring the above referenced well into compliance with the rules and regulations of the Oil and Gas Conservation Commission of the State of Arizona, the following steps must be taken:

- 1. Plug the well with cement or other impenetrable materials in such a manner to prevent contamination of any fresh water zones within the well, also to prevent contamination of one producing zone by another.
- 2. Permanently set a regulation dry hole marker at the wellsite.
- 3. Clean the wellsite by removing all materials, debris, etc., and restore the site to its original condition as nearly as possible.

For your information, a copy of the rule governing abandonment and plugging of wells is enclosed.

This Commission is not in a position to recommend a firm to perform the necessary work to plug the well, however your representative in Farmington, Mr. Ray Kysar, will be able to recommend competent people to perform this work.

O

Mr. Alberto Paez The Travelers June 29, 1978 Page 2

This Commission must be notified prior to commencing plugging operations.

If this Commission can be of any assistance to you in this matter, please advise.

Very truly yours,

W. E. Allen Director Enforcement Section

WEA/vb

Enc.

cc - Western Helium Corporation

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THE TRAVELERS

JUN 2 8 1978

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Surety Department E. A. Houser, III, Manager

June 26, 1978

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

State of Arizona
Oil & Gas Conservation Commission
1645 West Jefferson, Suite 420
Phoenix, Arizona 85007

Atten: Mr. W. E. Allen Director, Enforcement Section

RE: Western Helium Corporation Connelly No. 1 KM State Sec. 36, T20N, R27E, Apachy County, Az. Bond #1674375 (109B2216)

Dear Mr. Allen:

This will acknowledge your letter dated 6-19-78 setting forth a claim under the above bond.

The Travelers is presently conducting all investigations on this matter. We would appreciate the specific details of what work needs to be done to bring this well in compliance with the State's regulations.

We also acknowledged the deadline of August 1, 1978 and we hope to have your cooperation in extending this deadline if it is found that additional time is needed.

Thank you for your cooperation.

Senior Account Analyst

Alberto Paez

AP/rka cc: Ray Kysar, Kysar Ins. Agency Western Helium Corporation



OFFICE OF

Gil and Gas Conservation Commission

STATE OF ARIZONA

Registered Return Receipt 1645 WEST JEFFERSON, SUITE 420 PHOENIX, ARIZONA 85007 PHONE: (602) 271-5161

June 19, 1978

Travelers Indemnity Company Surety Department Cherry Creek Center 101 University Boulevard Denver, Colorado 80206

Re: Western Helium Corporation Connelly No. 1 KM State Sec. 36, T20N, R27E, Apache County, Arizona State Permit No. 553
Bond No. 1674375, Amount \$25,000

Gentlemen:

The above referred well is covered by Bond No. 1674375 issued by your company.

This well is not in compliance with the rules and regulations of this Commission, therefore Western Helium Corporation has been requested repeatedly to bring this well into compliance by properly plugging and abandoning the hole. Western Helium's representative, Mr. John Cunningham of Farmington, New Mexico, has promised on several occasions to plug the well, however nothing has happened.

The Oil and Gas Conservation Commission now requests Travelers Indenmity Company to honor its obligation, under the referred bond, by arranging to have this well properly plugged and abandoned no later than August 1, 1978. This Commission must be notified prior to beginning plugging operations. Your prompt attention to this matter is appreciated.

Very truly yours,

W. E. Allen Director

Enforcement Section

WEA/vb

cc - Western Helium Corporation

Mr. John Cunningham

Mr. Ray Kysar, Kysar Insurance Agency

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INSTRUC	TIONS TO DELIVERING EMPLOYEE
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845065	STENATURE OF ADDRESSEE'S AGENT, IF ANY
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insured no.	7
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6-22-78	3 ****
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April 20, 1977

Western Helium Corporation P.O. Box 950 Virginia, Minnesota 55792

Re: Western Helium Connelly - Kerr-McGee State #1 NE/4 NE/4 Sec. 36, T20N, R27E, Apache County, Arizona State Permit 553

Gentlemen:

You are probably aware that Kerr-McGee Corporation discontinued the operation of its helium extraction plant at Navajo, Arizona on February 25, 1976. Kerr-McGee has recently plugged and abandoned all its helium wells in this area. Your firm discontinued operations of its helium extraction plant several years ago. Therefore, it seems improbable that any further helium production will be accomplished in this area in the foreseeable future.

This letter is a formal request from the Oil and Gas Conservation Commission for you to properly plug the above-referred well as quickly as possible. In addition to there being no market for helium gas in this area, your well has never been in compliance with the Commission's Rule 105-B and also the Commission's Order No. 41. Therefore, even if there were a market, this well would not be allowed to produce.

Unless we have a positive response to this request within sixty days of the date of this letter, this Commission will request your bonding company to fulfill its

C

Western Helium Corporation April 20, 1977 Page 2

obligations and plug this hole in accordance with our rules and regulations.

Very truly yours,

William E. Allen Director Enforcement Section

WEA/vb

Enc.

Certified Mail - Return Receipt

cc - Mr. John Cunningham

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OFFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA

8686 NORTH CENTRAL, SUITE 106 PHOENIX, ARIZONA 85020 PHONE: (602) 271-5161

March 7, 1977

Mr. Richard J. Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Dear Mr. Gasdaska:

Kerr-McGee Corporation discontinued the operation of its helium extraction plant at Navajo, Arizona on February 25, 1976. This discontinuance, of course, caused all helium wells in the Pinta Dome and Navajo Springs units to be shut in.

Kerr-McGee has now filed with this Commission applications to plug all their wells in the Pinta Dome area. This request has been approved by the Commission.

Will you please inform this Commission of any plans you may have for further utilization of the shut in well you have in this area. It would seem that since there is no market for helium in this area, now would be an opportune time to plug all wells in the area.

Please advise us as quickly as possible of your plans, if any, for resuming operations in the area.

Very truly yours,

William E. Allen

Director Enforcement Section

WEA/vb

cc - Mr. John Cunningham

553

C

June 20, 1975

Mr. P. K. Smith Kerr-McGee Corporation Kerr-McGee Building Oklahoma City, Oklahoma 73102

> RE: Connelly #1 KM State Sec. 36-T20N-R27E Apache County, Permit #553

Dear Mr. Smith:

In the latter part of April 1975, Mr. Bob Carter, your field superintendent, in Navajo, Arizona was given verbal permission to test the above referenced well. On June 17, 1975, it was learned that this well was still being produced into your Helium Extraction Plant at Navajo, Arizona.

Mr. Carter has been instructed by this Commission to close-in the referenced well and not produce it into your plant until such time as this well is in compliance with the Oil & Gas Conservation Commissions' Rule #105, Paragraph B and also Commission Order #41.

It is believed that you have a copy of our letter to Mr. Carter dated April 28, 1975 outlining the staps that are necessary to bring this well into compliance with our rules and regulations.

Another possible solution to this situation would be if Kerr-McGee wishes to utilize the production from this well is to request a hearing before this Commission and request an exception to Rule #105 and Commission Order #41.

This Commission has no desire to limit the amount of produced gas into your Extraction Plant, however, we must adhere to the Arizona Revised Statues and the rules and regulations of this Commission.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/sl Encls.

cc: Bob Carter

•

8686 N. Central, Suite 106 Phoenix, Arizona 85020

order # 41

April 28, 1975

Mr. Bob Carter, Superintendent Kerr-McGea Corporation Navajo, Arizona 86509

Re: Connelly #1 KM State Sec 36-T2ON-R27E Apache County, Permit #553

Dear Bob:

According to our records Western Helium has 280 acres under lease in the above section. Kerr-McGee State No. 1 is located in the NE/4 NE/4 of this section. The W/2 of the NW/4 of the SE/4 of Section 36 has reverted to the state (a plat of Section 36 is enclosed, the area within the heavy lines is no longer under lease to Western Helium).

The rules and regulations of the Oil & Gas Conservation Commission require 640 acres to be dedicated to each well drilled for helium. Commission Order No. 41 has granted permission to drill as many as four wells per section in the area defined as the East Navajo Springs Shinarump Pool (the subject well is situated within this area). However, this Order does not waive the 640 acre dedication for the first well drilled in a section.

There are apparently several lease owners involved in Section 36, therefore, before this well can be produced on a commercial basis, the operator must acquire and communitize the entire section. This communitization agreement must be approved by all lease owners, the State Land Department and this Commission.

As I told you the other day, the subject well may be produced while you are testing and evaluating the producing capabilities of this well.

A copy of a letter to Western concerning this subject is attached.

If we can be of any assistance, please advise.

Very truly yours,

W. E. Allen, Director Enforcement Section WEA/rlb

Encs.

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. <u>1778-177</u>1

Township, 20N Range, 27E County, Apache State, Avizona K.M. State No. 1 Acreage No bonger Under hease.

553

OFFICE OF

Oil and Cas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE. PHOENIX, ARIZONA 85013 PHONE: (602) 271-5161

January 17, 1975

66g

Memo: William E. Allen

From: John Bannister

Re: Western Helium

I contacted Travelers Insurance in Farmington. This is the company that issued the bond for Western Helium. Mr. Kysar informed me that he had the following address for Western Helium: 422 Pierce Street, Bethlehem, Pa. He also informed that apparently Western Helium has been sold and that Travelers bond was recently paid by Western Helium Corporation, Box H, Flagstaff. A Mr. John R. Stiff is apparently President. Mr. Stiff's telephone number is 779-3661.

Mr. Kysar requested that should we be unsuccessful in contacting Western Helium at the Flagstaff address, we please advise him and he will put Travelers Claim Department to work on this matter.

Incidentally, Mr. Kysar advised that Bedford, Inc. in Farmington, a plugging company run by Larry Bedford, did a lot of work for Mr. Kysar and is very excellent plugging wells. He said Mr. Bedford would be interested in practically anything regarding recovery of salvage.



Surety Department E. A. Houser, III. Manager

January 6, 1975

Oil and Gas Conservation Commission State of Arizona 4515 N. 7th Ave. 85013 Phoenix, Arizona

Attn: Mr. W. E. Allen, Director Inforcement Section

Re: Western Helium: Corporation Bond No. 1674375 Your File No: 553

Dear Mr. Allen:

This will acknowledge receipt of your letter dated December 31, 1974 in which you notify us that the above firm has not complied with the rules and regulations of the Oil and Gas Conservation Commission for your state.

We are contacting our principals to get this matter resolved.

Thank you for your cooperation.

Very truly yours,

AP/pmw

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0 & G CJ. is. Combil.

DENVER OFFICE OF THE TRAVELERS INSURANCE COMPANIES Cherry Creek Center, 101 University Boulevard, Denver, Colorado 80206 • Telephone: (303) 321-2333 Home Office: Hartford, Connecticut

CONTRACTION.

Phone 215/691-8177



western helium corporation

422 pierce street / bethlehem, pennsylvania 18015

PRODUCERS OF HELIUM

January 3, 1975

Mr. W. E. Allen Director, Enforcement Section Oil and Gas Conservation Commission State of Arizona 4515 North 7th Avenue Phoenix, Arizona 85013

503

Dear Mr. Allen:

With reference to your letter dated October 11, 1974 to Richard J. Gasdaska regarding K-M State #1, we are in the process of negotiating a gas purchase contract with Kerr-McGee Corporation. We realize that the third tract of the acreage would have to be bid again but if Kerr-McGee desires to purchase this gas, we will do same. We are awaiting work from Kerr-McGee and will contact you as soon as possible after receiving their decision. Thank you for your kind consideration in this matter.

yours truly, Nomenik Thyunto

DTG:ep

Domenick T. Gigante

President

RECEIVED

JAN 6 9 1975

O & G COMS. COMM.

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December 31, 1974

Bonding Department The Travelers Cherry Creek Center 101 University Boulevard Denver, Colorado 80206

Re: Western Helium Corporation Bond No. 1674375 - \$25,000 Connelly #1 KM State Sec 36-T20N-R27E, Apache Co. Our File No. 553

Gentlemen:

The above referenced well which is covered by Bond No. 1674375 issued by your company is not in compliance with the rules and regulations of the Oil and Gas Conservation Commission, State of Arizona. This office has notified the operators by letter on two occasions recently of this "non compliance" and have requested the well to be plugged and abandoned, (copies of the letters are enclosed). As of this date we have had no response to this request.

This letter is to notify you that unless Western Helium brings this well into complete compliance by February 1, 1975, this Commission has no alternative other than to demand that The Travelers, as surety for Western Helium, bring this subject well into compliance by the plugging and abandonment of this well.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

cc - Western Helium

Encs.

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December 16, 1974

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Mr. Richard J. Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Connelly #1 KM State Section 36-T20N-R27E Apache County Permit #553

Dear Mr. Gasdaska:

Please refer to our letter dated October 11, 1974, regarding the plugging of the above referenced well. You will note that the Commission has ordered the well plugged and abandoned by December 31, 1974.

Will you please inform this Commission of what steps you have taken to comply with this request.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/r1b



OFFICE OF

Oil and Cas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE. PHOENIX, ARIZONA 85013 PHONE: (602) 271-5161

CERTIFIED MAIL

October 11, 1974

4,000,7738_3

Mr. Richard J. Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Connelly #1 KM State Section 36-T20N-R27E Apache County, Permit #553

Dear Mr. Gasdaska:

We informed you by letter dated March 11, 1974 that since the above referenced well was not in compliance with the rules and regulations of the Oil and Gas Conservation Commission because of inadequate acreage dedication, this Commission would request this well to be plugged.

Because of the inadequate acreage dedication, the lack of a market for gas from this well and the poor quality of the well, this Commission now formerly requests that this well be plugged and abandoned by December 31, 1974.

We are enclosing Form 9, Application to Plug and Abandon. This form must be completed and returned to this office for approval prior to commencing plugging operations. It will also be necessary to notify this Commission when the well is to be plugged in order that we may have a representative witness the actual plugging of this well.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

cc - Mr. Frank G. Pytryga and the Travelers Indemnity Company

O



Gil and Gas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE. PHOENIX, ARIZONA 85013 PHONE: (602) 271-5161

June 21, 1974

CERTIFIED MAIL

Mr. Henry Fullop Eastern Petroleum Company P. O. Box 291 Carmi, Illinois 62821

Re: Navajo Springs Area

Dear Mr. Fullop:

This Commission has requested several times to be advised of your plans for further operations on your unplugged wells in the Navajo Springs area.

Mr. Edwards submitted some Sundry Notices and Reports on Wells, Form 25, indicating that you planned to plug some of the wells. Some others were to be transferred to Dan Schwetz. Still others, some of which have never produced commercially, apparently were to maintain their present status.

You are aware that several wells in this area have never indicated any ability to produce and others that are carried as shut-in helium wells have never produced commercially and no attempt to produce some of these wells was ever made.

At a meeting of the Commission on this date we were instructed to direct you to properly plug, by August 31, 1974, all wells in this area not now producing. Prior to plugging any well, the plugging program must be approved by the Commission and all operations relating to the plugging and abandonment will be witnessed by a member of the Commission staff.

Within this time frame, this Commission will consider any feasible plan that you might have to place whatever wells that are capable of producing back on production.

Very truly yours

W. E. Allen, Director Enforcement Section

WEA/rlb

cc - J. N. Edwards and U.S.F. & G.



DEFICE OF

Oil and Gas Conservation Commission

STATE OF ARIZONA
4515 NORTH 7TH AVE.
PHOENIX, ARIZONA 85013
PHONE: (602) 271-5161

April 12, 1974

CERTIFIED MAIL

Mr. Henry Fullop Eastern Petroleum Company P. O. Box 291 Carmi, Illinois 62821

553

Re: Navajo Springs Area

Dear Mr. Fullop:

We have received Mr. Edward's letter dated March 12, 1974 together with Form 25, Sundry Notice and Reports, on 16 wells in the Navajo Springs area. We are aware that a number of your wells are in the Navajo Springs Coconino Unit. According to our records, several of the wells that are in the Unit have never produced except during testing and are being carried as shut-in helium wells. A number of wells outside the Unit have never produced, and your completion reports indicate the production on the potential test to be zero or TSM. Other wells have been taken off production for various reasons.

The possibility of some of these wells ever being produced commercially again appears negligible. As you know, Western Helium has not taken gas from your wells since December 31, 1973. This company is now in the process of dismantling and moving their plant out of the area. There is a possibility that Kerr-McGee might arrange to take gas from some of the wells in the Navajo Springs Unit as they are now doing from your Santa Fe No. 13 and Barfoot.

It is the opinion of this Commission that all non-commercial wells in the Navajo Springs area, whether in the Unit or not, should be permanently plugged and abandoned as quickly as possible. These wells would include, within the Navajo Springs Coconino Unit, the Crest Santa Fe No. 2, Santa Fe Nos. 31 and 32, and the Reese No. 2. No production has been reported from any of these wells. Also to be plugged should be your Ancon Santa Fe Nos. 21 and 21-lA, Connelly KM State No. 1, Merde No. 1 and all the non-producers that have been drilled within the past three years. Your Merde No. 2 must be plugged immediately. The hole in the casing at approximately 750' has never been repaired and the well is flowing water. Also your Dreck No. 1 has been reported plugged and abandoned, a copy of your plugging report is attached. It is possible that this well has been partially plugged, however there is definitely no plug in the top of the casing and fluid is several hundred feet from the surface. The dry hole marker was never installed. It is on

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Mr. Henry Fullop April 12, 1974

Page 2

location but the casing had a bucket inverted over the open end. The hole you drilled on the original location for the Chambers No. 1 for a "water well" is open with wire line and other junk around the open hole. Mr. Tom Pelton, the owner or holder of the surface rights of the land on which the two Chamber holes are located has expressed the desire to assume responsibility of both the holes for water wells. Mr. Pelton's address is P. O. Box 7, Sanders, Arizona 86512, phone: (602) 688-2930. Our Form No. 24, when executed by Mr. Pelton, will satisfy our requirements. Also Wayne Wallace has some interest in some of the holes on his place for use as water wells.

Recently we found a well some 700' + in a northerly direction of the Merde No. 2, a copy of a photograph is attached. We have no records of a well being drilled at this location. Any information that you could give us on this well would be appreciated. It is being used as a water well.

Either Mr. Bannister or myself will be happy to discuss the above mentioned situation with you. However, we are determined to have the existing conditions in the area brought into complete compliance with the rules and regulations of the Oil and Gas Conservation Commission in the very near future.

We would appreciate your thoughts on the above.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

Encs.

cc John Fisher, Kerr-McGee, Oklahoma Richard J. Gasdaska, Western Helium, Pennsylvania C. F. Swain, Crest Oil, Illinois Jess Edwards, Eastern, Illinois U.S.F. &G., Indiana

C

March 11, 1974

5 - 1977 to

Mr. Richard J. Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit #553

Dear Mr. Gasdaska:

It has been brought to the attention of the Commission that your company has cancelled the lease on the W/2 NW/4 SE/4, Sec 36-T20N-R27E. The above referenced well is located in the NE/4 NE/4 of the same section. From previous correspondence and telephone conversations with this Commission, you are aware that before a helium well can be produced in this area, there must be 640 acres dedicated to the well. Since the lease cancellation previously mentioned, you have only 280 acres to dedicate to this well. This Commission can no longer allow this well to be produced.

If your firm cannot or has no desire to bring this well in compliance with the Rules and Regulations of the Oil and Gas Conservation Commission of the State of Arizona, it will in all probability be necessary for the Commission to order this well to be plugged and abandoned.

Very truly yours,

W. E. Allen, Director Enforcement Section

cc - John Stiff; Navajo Eastern - Carmi

WEA/rlb

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February 11, 1974

Ms. Susan M. Perry The Travelers Cherry Creek Center 101 University Boulevard Denver, Colorado 80206

Re: Western Helium Corporation Bond No. 1674375 - \$25,000

Dear Ms. Perry:

Please be advised that the above referenced bond may not be cancelled until the operators are in full compliance with the rules and regulations of the Oil and Gas Conservation Commission of the State of Arizona.

There are presently two shut-in wells covered by this bond. Until such time as these wells have been plugged, the location cleaned, and all required reports submitted, this bond will remain in full force and effect.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

cc - Western Helium Pennsylvania

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THE TRAVELERS

Surety Department E. A. Houser, III, Manager

February 5, 1974

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State of Arizona Oil & Gas Conservation Commission Phoenix, Arizona 85001

RE: Western Helium Corporation Bond No. 1674375

Gentlemen:

Our company executed a \$25,000.00 , Performance Bond-Statewide Oil & Gas (Amount) (Type)

effective 3/1/71 for the above captioned.

In accordance with the terms of the bond, this letter will serve as our Notice of Cancellation and termination from all further liability effective 3/1/74. We would appreciate your sending us a letter verifying the date on which cancellation becomes effective. A self-addressed, postage free envelope is enclosed for your convenience in replying.

Thank you.

Susan M. Kerry Very truly yours,

SURETY DIVISION

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Figure -

O & G CORES. COMM.

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January 4, 1974

Mr. Richard J. Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Communitization Agreement
Connelly #1 KM State
NE/NE Section 36-T20N-R27E
Apache County, Permit No. 553

Dear Mr. Gasdaska:

The Communitization Agreement on the above referenced well has been returned to us by the State Land Department. We are enclosing a copy of the letter received from them which is self-explanatory.

We urge you to revamp this Agreement as quickly as possible and have it forwarded to Mr. Doss of the State Land Department. The Land Department will then send the Agreement to us for final approval.

If we can be of any assistance in this matter, please advise.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

Encs.





Arizona State Cand Department

1624 WEST ADAMS PHOENIX, ARIZONA 85007 602 - 271-4634



ANDREW L. BETTWY
STATE LAND CONHISSIONER

January 3, 1974

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Mr. W. E. Allen, Director Enforcement Section Oil & Gas Conservation Commission 4515 N. 7th Avenue Phoenix, Arizona 85013

Dear Bill:

In accordance with our telephone conversation this date, pertaining to the Unitization Agreement as proposed between Kerr-McGee and Western Helium Corporation, please be advised that the instrument has been incorrectly drawn.

On Page 1 of the Communitization Agreement, Kerr and McGee are no longer holders of State Lease No. 12004. This lease expired on May 27, 1973, and is now under lease to Western Helium, Competitive Oil & Gas Lease #4 issued by the State Land Department.

Also, you might notify the involved parties that there should be a place on the Unitization Agreement for approval by the State Land Commissioner and it should be submitted according to our rules and regulations in preliminary draft for approval as to form.

If we can be of further service in this matter, please advise.

Very truly yours,

A. K. Doss, Director Minerals & Energy Division

AKD/jc cc: Commissioner Bettwy Encls:

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JANUA 1974

O & G CORS. COMM.

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RULE 16

SURFACE USE. Oil and Gas lessees shall have the right to use so much of the surface of the lands as may be reasonably necessary for the conduct of their operations under the leases. The lessee shall be liable for damage caused by it to the State's interest in the surface or to the interest of a surface lessee, if any, and may be required by the Department at any time to execute a bond in a reasonable principal amount conditioned upon payment for all such damage. If the lessee and a surface lessee cannot agree upon the amount of damages caused by lessee, such damages shall be appraised by the Department or its agent and appeal from the judgement of the Department may be taken as provided in Section 11-210 and 11-211 of the Arizona Code of 1939.

RULE 17

CONDUCT OF OPERATIONS. All lessees and operators shall comply with the Arizona Oil and Gas Conservation Act 1951 as now in effect or as hereafter amended, and all rules, regulations, and orders issued thereunder shall be applicable to the operations of State Oil and Gas lessees.

RULE 18

COOPERATIVE AND UNIT AGREEMENTS. Commitment of leased State lands to cooperative or unit agreements shall be conditioned on the following procedure and requirements:

That there be submitted to the Department two copies of a plat showing the area to be unitized, together with such structural and geological information as will tend to support the delineation of the area. The information so furnished shall be held confidential until released by the applicant or applicants.

(B) That there be submitted to the Department two preliminary drafts of the agreement for approval as to form. Where the amount of Federal Land predominates in any area, the standard form of unit agreement of the United States should be followed.

Upon determination by the Department that it is for the best interest of the State to commit leased State lands to a cooperative or unit agreement for the development and operation of an Oil or Gas pool, the Department shall thereafter finally join in and consent to such agreement when submitted for final approval.

(D) A cooperative or unit agreement shall not affect the leasehold of any leased State lands lying outside of the unit area, and shall not be effective as to the leaseholds lying within the unit area unless the lessees thereof and the then approved operating interests shall subscribe to such an agreement.

(E) The terms and conditions of leases covering State lands will be modified and changed to the extent necessary to conform the same to the terms and conditions of the agreement.

KERR-MCGEE CORPORATION

KERR-MCGEE CENTER • OKLAHOMA CITY, OKLAHOMA 73102

AIR MAIL

December 18, 1973

Office of Oil and Gas Conservation Commission State of Arizona 4515 North 7th Ave. Phoenix, Arizona 85013

Attention: Mr. W. E. Allen, Director Enforcement Section

COMMUNITIZATION AGREEMENT WESTERN HELIUM CORPORATION NO. 1 KM STATE WELL SECTION 36-T20N-R27E APACHE COUNTY, ARIZONA

Dear Mr. Allen:

We are enclosing three copies of the captioned Communitization Agreement which has now been signed by Kerr-McGee Corporation and Western Helium Corporation. Due to our timing in getting this agreement signed and with the Christmas rush upon us, Western Helium's Mr. Richard Gasdaska asks that we forward this Communitization Agreement directly to you rather than run the risk of it bogging down in the mails by returning it to Bethlehem, Pennsylvania and then back to Phoenix.

After the Oil and Gas Conservation Commission certifies the filing of the Communitization Agreement, it would be appreciated if you could furnish Kerr-McGee and Western Helium a copy of the completed form of unitization. If you have any questions concerning this Communitization Agreement, it would be appreciated if you would call me collect.

Best wishes for the holiday season.

KERR-McGEE CORPORATION

Ed id

John I. Fisher, Manager Outside Operations

Oil & Gas Production Division

JIF/jk attachment RECEIVED

DEC 100 1913

cc: Western Helium Corporation
422 Pierce Street
0 & G COMS. COMM.

Bethlehem, Pennsylvania 18015 Attention: Mr. Richard J. Gasdaska



OFFICE OF

Gil and Cas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE. PHOENIX, ARIZONA 85013 PHONE: (602) 271-5161

December 31, 1973

PARLHERIGE

553

Mr. A. K. Doss State Land Department 4th Floor 1625 West Adams Phoenix, Arizona 85001

Dear A.K:

In reference to our telephone conversation this date, I am enclosing Western Helium Corporation's Communitization Agreement and Certification to be executed by your office.

Very truly yours,

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W. E. Allen, Director Enforcement Section

WEA/rlb

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2000年1200年1200年

Phone 215/691-8177

422 pierce street bethlehem, pennsylvania 18015

December 27, 1973

Mr. W. E. Allen, Director Enforcement Section Oil and Gas Conservation Commission 4515 North 7th Avenue Phoenix, Arizona 85013

Re: Western Helium Corp. Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease No. 12004

Dear Mr. Allen:

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Pursuant to your request, I am enclosing herewith the certification to be executed by the Arizona State Land Department and attached to the Communitization Agreements which are already in your office.

Very truly yours,

Sichard J. Richard J. Gasdaska

Enc.

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050 0 - 1373

O & G. COMS. COMM.

OFFICE OF THE ARIZONA STATE LAND DEPARTMENT PHOENIX, ARIZONA

I HEREBY CERTIFY that the foregoing Communitization Agreement was filed in my office on the _______, day of _______, 19____, and CONSENTED AND APPROVED by me on _______, 19____.

()

State Land Commissioner

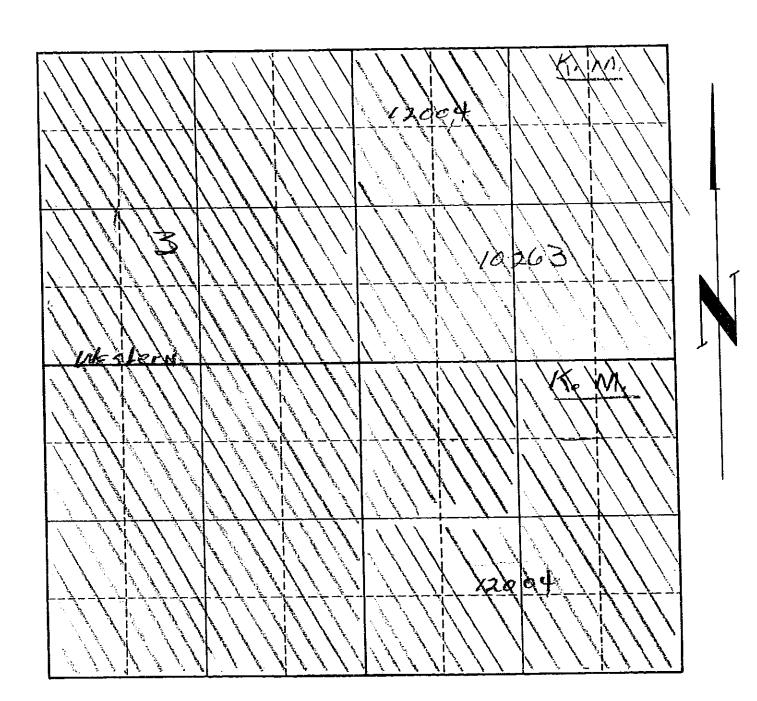
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O & G COMS. COMM.

Section _____ Township _____ Range _____



800 400 0 800 1600 2400 Feet

5280 Feet 320 Rods 1760 Yards

80 Chains

i Mile

66Feet } | Chain

43560 Sq. Ft. } | Acre

553

Scale:____

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CCMMUNITIZATION AGREEMENT

WESTERN HELIUM CORPORATION

#1 State Well

THIS AGREEMENT, made and entered into this ______ day of December, 1973, by and between KERR-McGEE CCRPCRATION, a corporation, as lessee, whose address is Kerr-McGee Building, Cklahoma City, Cklahoma 73102, WESTERN HELIUM CCRPCRATION, a Delaware corporation, whose address is 422 Pierce Street, Bethlehem, Pennsylvania 18015, as lessee, and WESTERN HELIUM CORPCRATION, as Operator, whose address is 422 Pierce Street, Bethlehem, Pennsylvania 18015.

WITNESSETH:

WHEREAS, Kerr-McGee is the present owner and holder of that certain Oil and Gas Lease bearing State of Arizona Serial No. 10263, executed by the State of Arizona, as Lessor, under date of May 8, 1966, embracing the following described lands in Apache County, Arizona towit:

Township 20 North, Range 27 East, GSRM Section 36: NE/4 NE/4, S/2 NE/4

containing 120.00 acres, more or less;

and

WederH Halium

WHEREAS, Kerr-McGee is the present owner and holder of that certain Oil and Gas Lease bearing State of Arizona Serial No. 12004, executed by the State of Arizona, as Lessor, under date of May 28, 1968, embracing the following described lands in Apache County, Arizona, to-wit:

Township 20 North, Range 27 East, GSRM Section 36: NW/4 NE/4, S/2 SE/4, Ne/4 SE/4

containing 160.00 acres, more or less;

and

WHEREAS, Western Helium Corporation is the present owner and holder of that certain Competitive Oil and Gas Lease bearing State of Arizona Serial No. 3, executed by the State of Arizona, as Lessor, under date of February 17, 1971, embracing the following described lands in Apache County, Arizona, to-wit;

Section 36: W/2, NW/4 SE/4

containing 360.00 acres, more or less;

and

WHEREAS, in order to expedite the execution of the Agreement, the overriding royalty owners on each of the above described tracts are ratifying this agreement; and

WHEREAS, the parties hereto desire to communitize and pool the above described oil and gas leases, insofar as the above leases cover the above described lands, in order to form one tract or drilling unit for the production of oil and/or gas and associated liquid hydrocarbons and/or helium from the Shinarump Formation, as follows, to-wit:

Township 20 North, Range 27 East GSRM Section 36: All

containing 640.00 acres, more or less;

and

WHEREAS, in order to be consistent with existing rules and regulations covering well spacing and production allowables, the parties hereto desire to operate the entire communitized tract for the purpose and intention of developing oil and/or dry gas and associated liquid hydrocarbons and/or helium from the Shinarump Formation as an entirety in accordance with the terms and provisions of this Agreement.

NCW THEREFORE, in consideration of the premises and mutual advantages offered by this Agreement, it is mutually covenanted and agreed by and between the parties hereto as follows:

- operated for oil and/or dry gas and associated liquid hydrocarbons and/or helium producible from the Shinarump Formation as an entirety with the understanding and agreement that the cil and/or dry gas and associated liquid hydrocarbons and/or helium so produced from the above described communitized tract, shall be allocated among the leaseholds comprising said acreage in the proportion that the acreage interest of each leasehold bears to the entire acreage interest committed hereto. The royalties payable for oil and/or dry gas and associated liquid hydrocarbons and/or helium so allocated to the lands comprising the leaseholds and the rentals provided for therein shall be determined and paid on the basis respectively prescribed in the individual leases.
- 2. Western Helium Corporation shall be unit operator of said communitized tract and all matters of operation and adjustments between the working interest owners shall be performed by Western Helium Corporation.
- 3. Except as herein modified and changed, said Oil and Gas Leases hereinable described shall remain in full force and effect as originally made and issued. It is further agreed that the commencement, completion, continued operation or production of a well or wells for oil and/or dry gas and associated liquid hydrocarbons and/or helium on the communitized tract from the Shinarump Formation as an entirety shall be construed and considered as the commencement, completion, continued operation or production as to each lease committed hereto.
- 4. Production of communitized substances and disposal thereof shall be in conformity with allocations, allotments and quotas made and fixed by any duly authorized person or regulatory pody under applic-

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able Federal or state Statutes. The provisions of the Agreement shall be subject to all applicable Federal or State Statutes or executive orders, rules and regulations which affect performance of any of the provisions of this Agreement, and Western Helium Corporation shall not suffer a forfeiture or be liable in damages for failure to comply with any of the provisions of this Agreement if such compliance is prevented by or if such failure results from compliance with any such law, rule or regulation.

- 5. This Agreement shall be effective as of the date hereof, upon execution by the parties hereto, notwithstanding the date of execution, and shall remain in force and effect for a period of two (2) years and so long thereafter as oil and/or dry gas and associated liquid hydrocarbons and/or helium are produced from any part of said communitized unit in paying quantities, provided that prior to production in paying quantities from said communitized unit and upon fulfillment of all requirements of the Oil & Gas Conservation Commission of the State of Arizona with respect to any dry hole or abandoned well, this Agreement may be terminated at any time by the mutual agreement of the parties hereto.
- 6. This Agreement shall be binding upon the parties hereto and shall extend to and be binding upon their heirs, executors, administrators, successors and assigns.
- 7. This Agreement may be executed in one or more counterparts by any of the parties hereto and all counterparts so executed shall be taken as a single Agreement and shall have the same force and effect as if all parties had in fact executed but a single instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first hereinabove written.

KERR-MCGEE CORPORATION

Vice President

WESTERN HELIUM CORPORATION

ATTEST:

asst. Secretary

ecretary

By: Wor

- 3 -

OFFICE OF THE OIL & GAS CONSERVATION COMMISSION PHOENIX, ARIZONA

I HEREBY CERTIFY that the foregoing Communitization Agreement was filed in my office on the 20 day of December, 1973, and CCN-SENTED AND APPROVED by me on December 20, 1973.

Executive Secretary

(SUBJECT TO APPROVAL OF THE STATE LAND DEPT.)

STATE OF OKLAHOMA) ss.

On this Stady of December, 1973, before me appeared by Sworn, did say that he is the Sworn of KERR-McGEE COR-PORATION, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation and by authority of its By-Laws and said S. Saylar acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

June 14, 1995

Notary Publican and for Oklahoma
County, Oklahoma

STATE OF PENNSYLVANIA)
) ss
COUNTY OF NORTHAMPTON)

On this 1th day of December, 1973, before me appeared to me personally known, who, being by me duly sworn, did say that he is the ______ President of WESTERN HELIUM CORPORATION, and that the seal affixed to the foregoing instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation and by authority of its By-Laws and said ______ Domenick T. Gigante acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

My Commission expires:

Metery Fut lib. Petiatel and Netheby the 65, My Commission Expires Jangary 37, 1976 Notary Public in and for Northampton County, Pennsylvania

-4-

November 26, 1973

Mr. Richard Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Western Helium Corp. Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease No. 12004

Dear Mr. Gasdaska:

This letter will confirm the extension for communitizing the above referenced well from November 21, 1973 to December 21, 1973.

If we can be of any further assistance, please advise. Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

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November 1, 1973

Certified Mail

Mr. Richard Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease Number 12004

Dear Mr. Gasdaska:

Please refer to our letter dated June 21, 1973, regarding the above referenced subject. The State Land Department has advised this Commission that Western Helium acquired the lease, formerly known as Arizona State Lease No. 12004, comprising the NW/4 NE/4, S/2 SE/4, NE/4 SE/4 of Section 36, Township 20 North, Range 27 East, Apache County, Arizona, on August 23, 1973.

This Commission advised you by our letter of June 21, 1973 that Western Helium would have 90 days following the acquisition of the subject lease to communitize all of Section 36-T20North-R27East, Apache County, Arizona, in order to comply with the Commission Order No. 41 and Rule 105 of the Rules and Regulations of the Oil and Gas Conservation Commission, State of Arizona. This 90 day grace period expires November 21, 1973.

If we can be of any assistance to you in this matter, please let us know. Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

cc - Jim Ryan - Kerr Mc-Gee Thomas Connelly - Oil Properties Henry Fullop - Eastern Petroleum C

COMMENT TO

gares Design



OFFICE OF

Oil and Cas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE. PHOENIX, ARIZONA 85013 PHONE: (602) 271-5161

September 18, 1973

Mr. Robert Fullop Eastern Petroleum Company P. O. Box 226 Farmington, New Mexico 87401

Dear Mr. Fullop:

Will you please supply this Commission with any information that you might have regarding the recoverable reserves in the Navajo Springs Field?

This information will be considered confidential if you so desire.

Thank you for your cooperation.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

#553

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June 21, 1973

Mr. Richard Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Mr. Francis S. Irvine Kerr-Mc Gee Corporation 1500 Kermac Building Oklahoma City, Oklahoma 73102 Mr. Thomas H. Connelly
Oil Properties
720 Midland Savings Building
Denver, Colorado 80202

Mr. Henry Fullop Restern Petroleum Company P. O. Box 291 Carmi, Illinois 62821

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease Number 12004

Gentlemen:

As a result of the expiration of Arizona State Lease 12004 covering the NW/4 NE/4, S/2 SE/4, NE/4 SE/4 of Section 36, Township 20 North, Range 27 East, Apache County, Arizona, you are in violation of Rule 105 of the Rules and Regulations of the Oil and Gas Conservation Commission, and also in violation of Commission's Order No. 41.

The State Land Department has advised this Commission that the aboveidentified acreage will soon be made available for competitive leasing.
Consequently, you are allowed 90 days following availability of this
lease to bring yourself into full compliance with the Commission's regulate
of
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Well

J.C. Chry additional cords
to the

one ponderce reclasory, and the sent to following name-

Jim Ryan Kerr Me Lee Tower Kerr Me Lee Tower Kerr Me Lee Center Ok City, OK 73102 O

June 21, 1973

Mr. Richard Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Mr. Francis S. Irvine
Kerr-Mc Gee Corporation
1500 Kermac Building
Oklahoma City, Oklahoma 73102

Mr. Thomas H. Connelly
Oil Properties
720 Midland Savings Building
Denver, Colorado 80202

Mr. Henry Fullop Eastern Petroleum Company P. O. Box 291 Carmi, Illinois 62821

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease Number 12004

Gentlement

As a result of the expiration of Arizona State Lease 12004 covering the NW/4 NE/4, S/2 SE/4, NE/4 SE/4 of Section 36, Township 20 North, Range 27 East, Apache County, Arizona, you are in violation of Rule 105 of the Rules and Regulations of the Oil and Gas Conservation Commission, and also in violation of Commission's Order No. 41.

The State Land Department has advised this Commission that the above-identified acreage will soon be made available for competitive leasing. Consequently, you are allowed 90 days following availability of this lease to bring yourself into full compliance with the Commission's regulation and order. This will necessitate communitizing all or a portion of the new competitive lease with Arizona State Lease 10263 and State Lease No. 3, so that the entire Section 36 can be re-dedicated to the well.

Once the communitization agreement has been signed, it should be sent to the State Land Department for approval and then to this Commission for approval.

0

Page 2 June 21, 1973 Western Helium Corporation

Should you have any questions concerning this matter, please advise.

Very truly yours,

W. E. Allen, Director Enforcement Section

cc - A. K. Doss, State Land Department Mr. Robert Fullop, Eastern Petroleum

WEA/rlb

June 6, 1973

Mr. Richard Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease Number 12004

Dear Mr. Gasdaska:

This Commission has been notified by the State Land Department that the lease bearing State Serial No. 12004, embracing the following described land in Apache County, expired May 27, 1973.

Township 20 North, Range 27 East, GSRM Section 36: NW/4 NE/4, S/2 SE/4, NE/4 SE/4

containing 160.00 acres, more or less

Western Helium Corporation's Connelly No. 1 KM State is located in the NE/NE, Section 36-T2ON-R27E. When this well was drilled, all of Section 36 was dedicated to the subject well. Commission Order No. 41 permits wells drilled within the horizontal limits of the East Navajo Springs Shinarump Pool to be drilled on a 160 acre spacing.

Due to the cancellation by the State Land Department of Lease 12004, the subject well has only 120 acres that can be dedicated to it. This is in violation of the Rules and Regulations of the Oil and Gas Conservation Commission.

The existing conditions, as noted above, will be brought to the attention of the full Commission at a regular meeting to be held June 15, 1973. Following this meeting a decision will be reached to determine what action the Commission will take regarding the

Page 2 June 6, 1973 Mr. Richard Gasdaska

status of this well. It may very well be that the Commission may be forced to order the subject well shut-in until such time as the operators have a valid oil and gas lease on the entire NE/4 of Section 36-T20N-R27E.

The purpose of this letter is to advise you of the existing condition.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

CC- John Stiff Western Nelum June 6, 1973

Mr. Thomas H. Connelly Oil Properties 720 Midland Savings Building Denver, Colorado 80202

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease Number 12004

Dear Mr. Irvine:

This Commission has been notified by the State Land Department that the lease bearing State Serial No. 12004, embracing the following described land in Apache County, expired May 27, 1973.

Township 20 North, Range 27 East, GSRM Section 36: NW/4 NE/4, S/2 SE/4, NE/4 SE/4

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Page 2 June 6, 1973 Thomas H. Connelly

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The purpose of this letter is to advise you of the existing condition.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

June 6, 1973

Mr. Henry Fullop Eastern Petroleum Company P. O. Box 291 Carmi, Illinois 62821

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease Number 12004

Dear Mr. Fullop:

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This Commission has been notified by the State Land Department that the lease bearing State Serial No. 12004, embracing the following described land in Apache County, expired May 27, 1973.

Township 20 North, Range 27 East, 68RM Section 36: NW/4 NE/4, S/2 SE/4, NE/4 SE/4

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Page 2 June 6, 1973 Mr. Henry Fullop

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The purpose of this letter is to advise you of the existing condition.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

June 6, 1973

(

Mr. Robert Fullop Eastern Petroleum Company P. O. Box 226 Farmington, New Mexico 87401

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease Number 12004

Dear Mr. Fullop:

This Commission has been notified by the State Land Department that the lease bearing State Serial No. 12004, embracing the following described land in Apache County, expired May 27, 1973.

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Page 2 June 6, 1973 Mr. Robert Fullop

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The purpose of this letter is to advise you of the existing condition.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

June 6, 1973

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Mr. Francis S. Irvine 1500 Kermac Building Oklahoma City, Oklahoma 73102

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County, Permit No. 553 State Lease Number 12004

Dear Mr. Irvine:

This Commission has been notified by the State Land Department that the lease bearing State Serial No. 12004, embracing the following described land in Apache County, expired May 27, 1973.

Township 20 North, Range 27 East, GSRM Section 36: NW/4 NE/4, S/2 SE/4, NE/4 SE/4

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Page 2 June 6, 1973 Mr. Francis S. Irvine

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The purpose of this letter is to advise you of the existing condition.

Very truly yours,

W. E. Allen, Director Enforcement Section

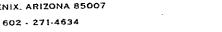
WEA/rlb



JACK WILLIAMS GOVERNOR

Arizona State Land Department

> 1624 WEST ADAMS PHOENIX, ARIZONA 85007





June 5, 1973

Mr. John Bannister Oil & Gas Conservation Commission 4515 North 7th Avenue 85013 Phoenix, Arizona

550

Dear Sir:

As per our telephone conversation this date please find enclosed copies of the three letters which I feel are self explanatory in explaining the situation as involves Oil and Gas Lease No. 10263, 12004 and State #3. Also enclosed is a map showing the acreage dedicated to each of these three leases.

We plan to put the acreage that was dedicated to 12004 up for competitive bidding and will keep you informed as to its progress. If there are any new developments on your end of the line, we would appreciate being informed.

Very truly yours,

A. K. Doss, Director, Mineral and Energy

Division

AKD:fs

Enclosures

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O&G CONS. COMM.

Phone 215/691-8177



422 pierce street / bethlehem, pennsylvania 18015

PRODUCERS OF HELIUM

May 23, 1973

553

Mr. Walter V. Murphy Chief, Leasing Section Arizona State Land Department 1624 West Adams

Reference: State Oil and

Gas Lease

Phoenix, Arizona .85007

#12004

Dear Mr. Murphy:

With reference to the subject lease, it is our understanding that Western Helium's interest therein will expire on May 27, 1973. Said lease is located in Apache County, Arizona to wit: Township 20 North, Range 27 East, GSRM, Section 36: NW/4 NE/4, S/2 SE/4, NE/4 SE/4.

Western Helium Corporation hereby requests that the subject lease be put up for competitive bid by your department following the above mentioned expiration date. Further, we would appreciate it greatly if you would forward to us the necessary application forms in order that we may bid on this lease.

Your attention to this matter will be appreciated.

Yours truly,

hehard & Gesclask Richard J. Gasdaska

RJG:ep

Copy to: Mr. Ryan

550

May 15, 1973

1 1 No. 1 No

Mr. Richard J. Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Dear Mr. Gasdaska:

After our telephone conversation at this date, I contacted Mr. Fritz Ryan with the State Land Department and also reviewed our files pertaining to Western Helium Operations.

In connection with the Communitization Agreement that we discussed, I am attaching a copy of the Arizona Oil and Gas Conservation Commission Rules and Regulations and I would refer you especially to Article 1.1, Fieldwide Unitization, page 61 of the attached booklet. As you will see after reading these statutes that prior to approval of the Communitization Agreement by the Oil and Gas Commission, a public hearing must be held giving all interested parties a chance to be heard. As you are aware, this was not done. Therefore, it would seem to me that the subject Communitization Agreement at this time has no validity.

If this office can be of any further assistance, please advise.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

Enc.

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553

April 27, 1973

Mr. Richard Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Oil and Gas Lease 12004

Dear Mr. Gasdaska:

Your letter dated April 17, 1973 has been received.

The State Land Department records verify that:

- Oil and Gas lease 10263 had discovery on July 9, 1971, and that discovery bonus was paid on August 31, 1971. Subsequent rentals have been \$1 per acre per year.
- 2. The record is silent as to any approved communitization agreement in regards to Lease numbers 10263, 12004, and Competitive Lease 3.
 - A. That leasehold interests of 10263 and 12004 of Kerr-McGee were transferred by assignments on November 24, 1971, to Western Helium and remain in that title to date.
- 3. No discovery on premises of 12004 has ever been announced to the State Land Department; no discovery bonus paid. Rental in the amount of \$.25 per acre per year has continued to be paid.
- 4. The Department is, therefore, unaware of any reason why Lease 12004 will not expire by law at the end of its five year term on May 27, 1973.

Yours truly,

Walter V. Murphy Chief, Leasing Section

WWM/kas

C

April 23, 1973

Mr. Fritz Ryan State Land Department 4th Floor Capitol Annex East Phoenix, Arizona 85007

Re: Western Helium Connelly #1 KM State
NE/NE Sec 36-T20N-R27E
660' FNL - 660' FEL
Apache County
Permit No. 553

Dear Fritz:

John has asked me to collect and forward to you the production information on the above referenced well. According to our files and production reports as submitted by Eastern, the production from this well is as follows:

1972 - April - 169 MCF August - 1823 MCF December - 1154 MCF
May - 1542 MCF September - 1447 MCF 1973 - January - 963 MCF
June - 1790 MCF October - 866 MCF February - 1084 MCF
July - 1564 MCF November - 958 MCF

The original operator of the above well, Western Helium, has designated Eastern Petroleum Company as the operator of record. If we can be of any further service, please give us a call.

Very truly yours,

W. E. Allen, Director Enforcement Section WEA/rlb

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on the state of

Phone 215/691-8177



western helium corporation

422 pierce street / bethlehem, pennsylvania 18015

PRODUCERS OF HELIUM

April 17, 1973

Mr. Walter V. Murphy Chief, Leasing Section Arizona State Land Department 1624 West Adams Phoenix, Arizona 85007

553

Dear Mr. Murphy:

We are in receipt of your communication dated April 3, 1973, wherein you state that the records of your department indicate that the subject lease 12004 will expire on May 27, 1973.

According to our records lease number 10263 is a producing well and is part of a communitized unit which included lease 12004 and State #3, all of which are part of a Communitization Agreement between Kerr-McGee, Western Helium Corporation, and Connelly. As a result of paragraph 5 of said Agreement (a copy of which is herewith enclosed), lease 12004 would remain in effect so long as product is produced from any part of the communitized unit.

As a result of this Agreement, it would seem to us rental is due your department on the foresaid lease.

We would appreciate your comments in this regard.

Very truly yours,

RJG:ep

Richard J. Gasdaska

Enclosure

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1000000 33 R E R - 4134 - 541-541 2 DIE CO . !0 GIETE 8 12 ****** 4.0 101401 राजाज. E # 44727 E.P 15 -{-1" TD1244 -- +4703 17 18 16 15 351 14799 *20 *20 OCOUMA. 315 23 E.P. 19 +4 TD 1478 1562 ... 125 2 4 L ** - 56 - 55 - 44636 T. - 25 - c1 many amount amount DIDI'S CHES' (5 TQ (59) 27 EP 29 + 30 .352' .4542 28 30 € 28 28 CRESTA 5 - 10. 54 - 148. 10 #35 E P 30 TO 1063 20 2031 CREST - 3-6 TD 1234 +4725 # BROWN APTO 1215 # 4291 34 33 32 . CRES* 33 -pZ 101136 14107 Duy **♣**2 3 5 E.P 森¹⁷ 10 ю57 14745 2 + P + 54 1440 +4750 76 Will 29 \$5 \$5 \$101789 944436 419 101422 1244747 *4600 7 9 6 7 43 D 10 2956 +4913 D 11 :0 15 16 19 16 15 1417 -वाचाधाव-4 19 +51 DUVAC 24 1455 19 ₋₀2 23 \$20 13:860 +46:41 22 20 N 21 22 1278 27 28 29 30 25 26 27 28 32 33 31 36 35 34 1723 12 33

553

OGG OFFERED 160 Ac.

0 66 LEASE 10263 120 Ac.

COMPETITIVE LSE. STATE#3

April 13, 1973

Mr. Richard J. Gasdaska Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Dear Mr. Gasilaska:

Attached is a copy of the Communitization Agreement you requested. This agreement has not been executed by all parties concerned. However, it is the only extra copy that we have.

We hope that this will suffice for your purposes.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

Enc.

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10005566888

Phone 215/691-8177



western helium corporation

422 pierce street / bethlehem, pennsylvania 18015

PRODUCERS OF HELIUM April 6, 1973

Mr. Bill Allen State of Arizona Oil & Gas Conservation Commission 4515 North 7th Avenue Phoenix, Arizona 85013

Dear Mr. Allen:

I am enclosing a copy of a communication we received from the Arizona State Land Department pertaining to the State Leases 10263 and 12004. It is our understanding that according to the Communitization Agreement entered into April 21, 1971 by and between Kerr-McGee Corporation, Western Helium Corporation and Thomas H. Connelly, a copy of which is on file with your department, said Agreement would be in effect after the initial term for so long as there is production from any part of the communitization unit.

Since we do not have a fully executed copy of the Communitization Agreement, I would appreciate it if you would forward the same to us in order that we may apprise the State Land Department of the status of lease 12004.

If you need any additional information, please contact me.

Sincerely,

Richard J. Gasdaska
Richard J. Gasdaska

RJG:ep

Enclosure

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O & G CONS. COMM.

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Arixona State Cand Department

1624 WEST ADAMS
PHOENIX, ARIZONA 85007
602 - 271-4634



ANDREW L. BETTWY

April 3, 1973

Western Helium Corporation 422 Pierce Street Bethlehem, Pennsylvania 18015

Re: Oil and Gas Leases 10263 and 12004

Gentlemen:

This refers to your recent letter pertaining to the above-referenced Oil and Gas leases.

Enclosed is a billing statement pertaining to Lease 10263. Regarding Lease 12004, the records of this department indicate that it will expire on May 27, 1973.

Therefore, no billing statement would have been prepared for the ensuing year.

Yours truly,

Walter V. Murphy Chief, Leasing Section

WVM/kap Enclosure

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O & G CONS. COMM.

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EASTERN PETROLEUM CO. EASTERN DRILLING, INC.

TELEPHONE 38-24104 . P. O. BOX 291 . CARMI, ILLINOIS

February 15, 1972

Mr. W. E. Allen Oil & Gas Conservation Comm. 4515 North 7th Avenue Phoenix, Arizona 85013

Re: #1 KM State

Sec. 36-20N-27E

File 553

Dear Mr. Allen:

You will find enclosed two (2) copies of transporters certificate naming Western Helium Corporation as transporter.

This is submitted at this time on the assumption Western will shortly file Designation of Operator with you.

Yours very truly,

EASTERN PETROLEUM COMPANY

J. N. Edwards

JNE:sjn

Encs.

cc: Western Helium Corporation 1111 Townshouse Towers Phoenix, Arizona 85013

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FEB 1 1372

RECEIVED

O & G CONS. COMM.

FEB 19 1816

O&G CONS. COMM.

February 15, 1972

Mr. W. C. Butler First Arizona Corporation 1111 Townshouse Towers Phoenix, Arizona 85013

Re: KM State Lease #10263

Section 36-20N-27E

Dear Mr. Butler:

Will you please execute the enclosed Designation of Operator forms which grant Eastern the right to operate this lease.

The four copies are to be routed as follows:

Original - Oil & Gas Conservation Comm. 4515 North 7th Avenue

Copy

- State Land Dept. on Adams

Сору

- Kastern Petroleum Co.

Copy

Yours very truly,

EASTERN PETROLEUM COMPANY

JNE:sjn

Encs.

cc: Arizona Oil & Gas Comm 4515 North 7th Avenue Phoenix, Arizona 85013 RECEIVED

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0 & G CO. .



OFFICE OF

Gil and Gas Conservation Commission

STATE OF ARIZONA

4515 NORTH 7TH AVE. PHOENIX, ARIZONA 85013 PHONE: (602) 271-5161

February 9, 1972

Mr. Henry Fullop Eastern Petroleum Company P. O. Box 291 Carmi, Illinois 62821

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 36-T20N-R27E Apache County Our File #553

EPCO Eastern-Indian 1-25 Santa Fe Fee SW/NE Section 25-T2ON-R27E Apache County, Our File #576

Dear Mr. Fullop:

We have previously requested a Designation of Operator be submitted on Western Helium Corporation Connelly #1 KM State. We have also requested Form 8, Operator's Certificate of Compliance and Authorization to Transport Oil or Gas From Lease, on your well. We now also need Form 8, for your recently completed Santa Fe Fee 1-25.

Would you please submit these forms as quickly as possible in order for our files to be up to date.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

1 cc- Mr. Edwards

Encs.

•

January 25, 1972

Mr. Henry Fullop Eastern Petroleum Company P. O. Box 291 Carmi, Illinois 62821

Re: Western Helium Corporation Connelly #1 KM State NE/NE Section 26-T20N-R27E Apache County Our File #553

Dear Mr. Fullop:

Your weekly report indicates that you will produce the above referenced well into the Western Helium Plant. Please complete and send to this office a copy of Form 8, Operator's Certificate of Compliance and Authorization to Transport Oil or Gas from Lease (copies of which are attached). We have copies of Form 8 on other wells reportedly tested through the plant.

On December 30, 1971 in a telephone conversation with you, it was requested that since Eastern is going to be operator of record of the above referenced well, the Commission would require a "Designation of Operator" to be on file. Please complete and forward this form at your earliest convenience.

Your cooperation in complying with the above requested information is apprectated.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA/rlb

Enc.

1 cc- Mr. Jess Edwards

December 30, 1971

Memo From W. E. Allen, Director Enforcement Section

Re: Western Helium Corporation Connelly #1. KM State NE/NE Section 36-T20N-R27E Apache County Our File (#553)

Re: Eastern Santa Fe #6-X Center of Sec 25-T20N-R28E Apache County Our File #561

Conversed with Henry Fullop via 12-30-71. K. M. State #1, as noted on his progress report dated 12-27-71, is Western Helium Connelly #1, #553. Eastern has fraced this well. Advised Mr. Fullop to get Designation of Operator Form from Western Helium and to submit it to this office since Eastern is assuming the operations from Western Helium.

Santa Fe 1-25, proposed Coconino Test, to be drilled in Section 25-T2ON-R27E. They have had 5 holes previously drilled in this section. Crest #1 Santa Fe is shut-in Shinarump well. All other wells, including 8X have been plugged. 8X has just recently been plugged and at this time we have no plugging report. Mr. Fullop is to get the reports on this well next week.

Eastern Petrokeum Company's 6X Santa Fe is to be taken over as a water well by Navajo Park Land and Water Company. According to correspondence in the file, Mr. Edwards wrote Navajo Park on November 19, requesting that they sign Form 26, Water Well Acceptance, have the form notarized and send copies to this office. As yet we have not received this form. Requested that Mr. Fullop take whatever action necessary to have this Form 26 submitted to this office.

Assessed

Phone 602/947-8388



p.o. box 1358 / scottsdale, arizona 85252

PRODUCERS OF HELIUM

June 24, 1971

State of Arizona Oil & Gas Conservation Commission 4515 North 7th Avenue Phoenix, Arizona 85013

Gentlemen:

We have ordered additional copies of the logs run on the enclosed wells. As soon as they are received we will forward them to you.

Thank you.

Yours truly,

553

Since Halten WESTERN HELIUM CORPORATION

By: Lew A. Halter Secretary/Treasurer

LAH:te

Encs.

RECEIVED JUN 25 1971 O & G CONS. COMM.

Phone 602/947-8388



western helium corporation

p.o. box 1358 / scottsdale, arizona 85252

PRODUCERS OF HELIUM

July 14, 1971

State of Arizona
Oil & Gas Conservation Commission
4515 North 7th Avenue
Phoenix, Arizona 85013

Re: Permit #553

Dear Bill:

Enclosed herewith please find two copies of the logs run on the above captioned well.

Yours truly,

553

WESTERN HELIUM CORPORATION

By: Lew A. Halter

Secretary/Treasurer

LAH:te

Encs.

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JUL 15 19/1
0 & G CONS. COMM.

June 22, 1971

Mr. Lew A. Halter Western Helium Corporation P. O. Box 1358 Scottsdale, Arizona 85252

Re: Western Helium Connelly #1 KM State NE/4 NE/4 Sec. 36-T20H-R27E Apache County Our File #553 Western Helium #1 Indian SE/4 NW/4 Sec. 30-T20N-R28E Apache County Our File #552

Dear Mr. Halter:

This is just a reminder to let you know that we need to receive Form 4, Well Completion Report, on your Western Helium Connelly #1 KM State as soon as possible. Also submit Form 9, Application to Abandon and Plug. Form 10, Plugging Record, Form 4, Well Completion Report, and any logs that may have been run on your Western Helium #1 Indian.

We would appreciate receiving this information as quickly as possible.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEA:jd Enc.

553

ROBERT E. LAUTH GEOLOGIST

POST OFFICE BOX 776 960 EAST SECOND AVENUE **DURANGO, COLORADO 81301**

Telephone (303) 247-0025

May 25, 1971

Mrs. Jo Retoliff Four Corners Sample Association 641 West Broadway Farmington, New Mexico 87401

> Rs: Samples : Surface to 1160 feet Western Helium Corp: T.H. Connelly No. 1 K M State NENE Sec36 T20N R27E Apacha Co., Arizona

Dear Jos

Yesterday Mr. John Cunningham left a box of samples on the above ceptioned well at Four Corners 's office.

Please make the necessary samples cuts as required by the Arizona Dil & Gas Conservation Commission. Send the invoice to Western Helium Corp. P.O. Box 1358 Scottedele Arizone 85252.

This well is on a Kerr McGee Corp. Fermout. By copy of this letter I'LL notify Kerr McGes that the semples are available If they wish to purchase the same from you.

co Ariz 0 & G Comm West Halium Corp Kerr McGee Eastern Cermi.

553

RECEIVED MAY 28 1971 0 & G CONS. COMM.





May 4, 1971

Arizona Oil and Gas Conservation Commission 4515 North - 7th Avenue Phoenix, Arizona

Attention: Mr. Bill Allen

Gentlemen:

Enclosed are two copies of Communitization Agreement affecting Section 36, Township 20 North, Range 27 East, Apache County, Arizona which have been executed on behalf of Kerr-McGee and Mr. Thomas Connelly. This is being forwarded to you in accordance with Mr. Connelly s request and we understand that he will furnish you further instructions as to disposition of this instrument after processing by your office.

Very truly yours,

KERR-McGEE CORPORATION

W.S. Amount

553

W. S. Ammerman, Manager Land Department

WSA:cjw

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Enclosures (2)

cc: Mr. J. P. Ryan
Kerr-McGee Corporation
612 Petroleum Building
Amarillo, Texas 79101

RECEIVED

MAY 6 1971

O & G CONS. COMM.

May 3, 1971

Mr. O. R. Thoureen Western Helium Corporation P. O. Box 1358 Scottsdale, Arizona 85252

Re: Western Helium Corporation Connelly #1 KM State NE/4 NE/4 Section 36-T20N-R27E Apache County Our File #553

Dear Mr. Thoureen:

Enclosed please find Receipt No. 2887 covering the \$25 filing fee, Permit To Drill 553, and a copy of your approved Application for Permit to Drill. Also enclosed are miscellaneous instruction sheets concerning samples and other Commission requirements.

Please furnish this Commission with a signed and approved copy of the Communitization Agreement between Western Helium Corporation; Kerr-McGee Corporation; and Thomas H. Connelly, an individual; at your earliest convenience.

Very truly yours,

W. E. Allen, Director Enforcement Section

jd Enc.

widely and the second of the

Phone 602/947-8388



suite 3, box 1358 /scottsdale square / 44 east indian school road / scottsdale, arizona 85252

PRODUCER5 OF HELIUM

April 26, 1971

State of Arizona Oil & Gas Conservation Commission 4515 North 7th Avenue 85013 Phoenix, Arizona

Attention: Mr. Bill Allen:

Dear Mr. Allen:

Enclosed herewith please find an executed Communitization Agreement for Western Helium Corporation #1 State Well.

Thank you.

Yours truly,

WESTERN HELIUM CORPORATION

By: Lew A. Halter Secretary/Treasurer

LAH:te

Enc.

RECEIVED APR 27 1971 O & G CONS. COMM. THUMAS H. CONNELLY

OIL PROPERTIES

326 MIDIAND SAVINUS BUILDING

DENVER, COLORADO 80202

255-0886

April 21, 1971

Mr. Jim Ryan Kerr-McGee Corporation P. O. Box 600 Amarillo, Texas 79105

Re: Kerr-McGee Farmout
Shinarump Test
NE/4 Sec. 36, T 20 N, R 27 E
Apache County, Arizona

Dear Jim:

Enclosed are two revised copies of Communitization Agreement of the Western Helium Corporation #1 State well at the above location.

The State of Arizona Oil & Gas Conservation Commission has requested we include the lease owners under the full 640 acres, and I have revised the original to include Western Helium's lease on the W/2 and NW/4 SE/4 Section 36, and to include the S/2 SE/4 and NE/4 SE/4 of Kerr-McGee's lease No. 12004.

Please have these executed by the proper authorities and return one copy to me at your earliest convenience.

553

mas H/ Connelly

Very truly yours,

THC:BMc

Enclosures

RECEIVED

APR 2319/1

cc - Western Helium Corporation 0 & G CONS. COMM.

-cc - Western Herium Corporation
-cc - Mr. John Bannister, Arizona Oil & Gas Conservation Commission

cc - Mr. Fritz Ryan, Arizona Land Office

cc - R. E. Lauth

April 19, 1971

Mr. Thomas H. Connelly 526 Midland Savings Building Denver, Colorado 80202

Re: Section 36-T20N-R27E

Dear Mr. Connelly:

We have received a copy of Kerr-McGee's letter to you assigning various acreage in the above referenced section to you. Since this assignment together with the acreage held by Western Helium constitutes a legal drilling unit for a gas well, we are now in position to accept your application to Brill this well so long as the entire 640 acres is originally dedicated to the #1 well.

As soon as possible we would appreciate receiving a copy of the revised Communitization Agraement.

Very truly yours,

W. E. Allen, Director Enforcement Section

WEAsjd

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April 12, 1971

Mr. Thomas H. Connelly 526 Midland Savings Building Denver, Colorado 30202

Re: Commission Order #41

Dear Mr. Connelly:

A copy of the above-referenced Order is enclosed for your information. You will notice Paragraph 5, field rules pertaining to the Navajo Springs Shinarump Pool, states in effect that the first well drilled on a section must initially dedicate the entire section to this well.

According to the copy of the Communitization Agreement that has been received by this office, there would only be 520 acres that could be dedicated to your #1 State well.

Please arrange to communitize Section 36 in its entirety prior to submitting application to drill.

Very truly yours,

W. E. Allen, Director Enforcement Section 553

WEA: jd Enc.

THOMAS H. CONNELLY DIL PROPERTIES
526 MIDLAND SAVINGS BUILDING DENVER, COLORADO 80202 255-0886

April 8, 1971

Mr. John Bannister State of Arizona Oil & Gas Conservation Commission 4515 North 7th Ave. Phoenix, Arizona 85013

Dear John:

Enclosed for your information is a copy of the Communitization Agreement sent to Kerr-McGee Corporation covering the State leases in Apache County, Arizona.

After execution by Kerr-McGee, a fully executed copy will be forwarded to you.

Sincerely,

Itoms H. Connelly
Thomas H. Connelly

THC:BMc

Enclosure

553

RECEIVED APR 1219/1

0 & G CONS. COMM.

COPY

April 8, 1971

Mr. Thomas Connelly 526 Midland Savings Building Denver, Colorado 80202

Dear Mr. Connelly:

Kerr-McGee Corporation (hereinafter referred to as "Kerr-McGee") is the owner of the oil and gas leases identified in Exhibit "A" attached hereto.

You desire to acquire an assignment of said leases by drilling and completing, pursuant to and in accordance with the provisions set forth below, a test well at the location described in Paragraph No. 1 hereof.

Therefore, it is agreed as follows:

- fore May 8, 1971, the actual drilling of a test well (hereinafter referred to as "test well") at a location of your choice in the Northeast quarter of the Northeast quarter (NE/4 NE/4) or the South Half of the Northeast quarter (\$/2 NE/4) of Section 36, Township 20 North, Range 27 East, Apache County, Arizona, and you will thereafter continue to drill said well with due diligence and in a good and workmanlike manner to a depth sufficient to thoroughly test the Shinarump formation (such depth being hereinafter referred to as "contract depth"), within the time provided in Paragraph No. 2 hereof. Such operations shall be commenced at a time and conducted in a manner so that you will be diligently prosecuting same on said lands on May 8, 1971.
- well, it shall be completed to produce into the tanks or into the pipeline into which it may be connected, or if a dry hole, shall be plugged and abandoned and the premises restored in accordance with the rules and regulations of governmental regulatory bedies or agencies having jurisdiction. Provided however, if the test well is completed as a well capable of producing gas, but is shut in for lack of a market, it shall, for the purposes of this agreement, be deemed to be completed at the time the christmas tree has been installed thereon. If the test well is commenced, you agree to conduct all operations hereunder continuously without a suspension of more than ten (10) days.

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APR 1919/1

0 & G CONS. COMM.

Hr. Thomas Connelly Page 2 April 8, 1971

- 3. Each of the provisions of Exhibit "B", attached hereto, is hereby incorporated in and made a part hereof just as though the same was set forth in this agreement.
- 4. If the test well shall have been commenced and drilled to contract depth, and if you shall have complied with the provisions of this agreement (including those set forth in the Exhibits attached hereto) relating to said well, then, we shall, upon your request, deliver to you without warranties of title, either express or implied, and subject to the conditions and reservations herein set forth, an assignment of all of our right, title and interest in and to the oil and gas leases identified and described in Exhibit "A" attached hereto.
- 5. Kerr=McGee excepts and in the assignment provided for in Paragraph No. 4 hereof there shall be reserved and retained unto Kerr-McGee, its successors and assigns, as an overriding royalty free and clear of all costs of production, drilling, transportation, handling, and marketing the production, 5% of 8/8 of all oil, gas (the word "gas" wherever used in this centract includes, but is not limited to, helium and other non-hydrocarbon gaseous substances.), and other hydrocarbon substances produced and saved from or attributable to the lands covered by the leases assigned. The overriding royalties presently burdening the leases identified and described in Exhibit "A" hereto, which overriding royalties you agree to assume and pay. The overriding royalty herein reserved shall, at Kerr-McGea's election, be paid either in kind or in value. When paid in kind, the overriding royalty portion of the production shall, at reasonable times and intervals, be delivered to Kerr-McGee free of the above referred to costs and expenses at the pipeline connec-When paid in value, it shall be computed on the basis of the price for which the production is sold in a bona fide arms length transaction without reduction therein or deduction therefrom for charges for gathering, transporting, treating, handling or marketing same whether such service is performed by you or the first purchasor. Such overriding royalty interest shall constitute a charge upon and apply to not only the interest assigned pursuant to this agreement but also to renewals, extensions, modifications or amendments, if any, of the said leases.

sentation as to its leasehold interest in and to the leases identified in Exhibit "A" hereto, nor that such leases cover all of the oil and gas interests in the lands described therein. In the event that the said leases cover less than all of the oil and gas interests in the lands described in the respective leases, then the overriding royalty interest reserved unto Kerr-HoGes in such assignment shall be reduced in the proportion that the oil and gas interests actually covered by the respective leases bear to all oil and gas interests in the respective leases bear to all oil and gas interests in the respective leases bear to all oil

Hr. Thomas Connelly Page 3 April 8, 1971

with all of the covenants and conditions of the respective leases identified in Exhibit "A", all valid laws, rules, regulations and orders of governmental regulatory bodies having jurisdiction; and the provisions of Exhibit "B", pertaining to operations hereunder, and to satisfy all of the leasee's obligations under said leases during the period prior to the delivery unto you of an assignment hereunder insofur as they pertain to lands in which you have an interest or a right horounder to acquire an interest. You further agree to promptly forward to us copies of all orders, demands and communications received by you from the lessor or a governmental body concerning said leases or any operation thereon.

- costs and expenses incurred in connection with developing and operating leasehold interests acquired or to be acquired by you hereunder shall be borne solely by you and shall be entirely free of cost to Kerr-McGee. You agree to indemnify Kerr-McGee, its employees and representatives and save and held them harmless from and against all claims for damages, injuries or death to any and all persons resulting from or arising cut of operations conducted, caused or parmitted to be conducted by you on the lands described in Exhibit "A" and from and against all claims for labor and materials and any other costs and expenses in connection with your operations on the said premises.
- 8. It is agreed that time is of the essence of this agreement and should you fail to commence, or having commenced, fail to drill or complete the test well within the time end in the manner hardin provided therefor, or otherwise fail to comply with the provisions of this agreement, then, in addition to other remadies we may have, this agreement shall, at our option, terminate and we shall be relieved of any duty to make, execute or deliver to you any assignment hareinabove provided for.
- 9. Except as provided in Exhibit "B" to the contrary, all notices provided for herein may be given by either personal delivery, registored mail or telegram. The same shall be deemed to have been properly given when made in writing and delivered porsonally, deposited in United States mail or with Western Union Telegraph Company with all postage or charges fully prepaid and addressed to the parties as follows:

Kerr-McGee Corporation
Kerr-McGee Building
Oklahoma City, Oklahoma 73102
Attention: Land Department

Mr. Thomas Connelly 526 Midland Savings Blog. Denver, Colorado 80202

and the time given the party receiving such notice shall run from the date such notice is given as aforesaid.

Mr. Thomas Connelly Page 4 April 8, 1971

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parties hereto and their respective heirs, personal representatives, successors and assigns; provided, however, neither this agreement nor any interest earned by you hereunder may be assigned in whole or in part without the prior written consent of Kerr-McGae.

The foregoing, if accepted by you, shall constitute our agreement with respect to the above matters, provided that if two duplicates hereof, properly executed by you, are not returned to us at the letterhead address, on or before the 20 day of 1971, the foregoing shall, at our option, become null and void.

Yours very truly,

KERR-MOGEE CORPORATION

Vico President
J. W. McKenny

ACCEPTED AND AGREED TO this

He Thomas Connelly

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C

EXHIBIT "A"

Attached to and Made a Part of the Agreement Dated April &, 1971 Between Kerr-McGee Corporation and Thomas Connelly

Oil and Gas Leases

P657-10

State of Arizona LESSOR

LESSEE

Kerr-McGee Corporation

DATE

May 28, 1968

LAND COVERED :

The Northwest Quarter of the Northeast Quarter

(NW/4 NE/4), the Northeast Quarter of the Southeast Quarter (NE/4 SE/4) and the South Half of the Southeast Quarter (S/2 SE/4) of Section 36, Township 20 North - Range 27 East, Apache County, Arizona

State of Arizona lease #12004

RECORDING DATA:

State of Arizona

LESSOR LESSEE

Kerr-McGee Corporation

DATE

P657-21

LAND COVERED :

May 9, 1966 The Northeast Quarter of the Northeast Quarter

(NE/4 NE/4) and the South Half of the Northeast Quarter (S/2 NE/4) of Section 36, Township 20 North, Range 27

East, Apache County, Arizona

RECORDING DATA:

State of Arizona Lease #10263

EXHIBIT "B"

Attached to and made a part of the agreement (referred to in this Exhibit "B" as "this agreement") dated April 8 , 1971 between Kerr-McGee Corporation (referred to in this Exhibit "B" as "Kerr-McGee", "us" or "wo") and Mr. Thomas Connelly (referred to in this Exhibit "B" as "you").

I.

Attall times during which operations are being conducted under this agreement, you shall obtain and maintain in force and effect for the benefit of the parties hereto, insurance covering such operations in not less than the following amounts:

Type of Insurance

Minimum Coverage Roguized

Workmen's Compensation

Full liability under the Workmen's Compensation Law of the State in which the work is to be done.

Daployer's Liebility

\$100,000 for the accidental injury or death of one or more employees as a result of one accident.

General Public Liebility - Podily Injury

\$190,000 for the accidental injury or death of one person and \$300,000 for the accidental injuries or deaths of more than one person in one accident.

General and Automobile Public Liability -Property Damage \$100,000 for one accident.

The insurance policies providing the above Public Liability coverage shall also include contractual liability coverage of the indemnity and hold harmless provisions of this agreement.

You shall submit for our approval, prior to the commencement of operations under this agreement, certificates of insurance showing full compliance with the above requirements; each of which certificates shall specify that in the event of cancellation or material change in coverage, at least ten (10) days' prior written notice will be given us.

With respect to each well drilled under this agreement you agree to comply with and, promptly as you receive same, to furnish the following without expense to Kerr-McGee:

- A. A plat of the survey showing the location of such well.
- B. To give our representatives access to said well at all times, including freedom of the derrick floor and to fully advise us as to the depth and condition of said well at any time.
- C. Such samples or cuttings, including samples of all corestaken, as we may request.
- D. An accurate record of the drilling time.
- E. To notify our designated representatives as promptly as possible (at least 12 hours in advance) of any decision to core, test, or run electrical surveys in order that they may witness such operations.
- F. To properly test to our satisfaction any and all formations in which shows of oil and gas are encountered.
- G. To run and promptly furnish us two copies of the following logs: an induction electrical survey from the base of the surface casing to total depth; and a porosity log of all potential pay zones.
- H. A true copy of the driller's log of such well to the total depth drilled.
- I. Copies of all professional and/or commercial reports, surveys, analyses and charts made in connection with the drilling and/or completion of such well.
- J. To plug and abandon such well if the same is dry, and to furnish a copy of the plugging record; provided, however, such well will not be plugged or abandoned without due notice first being given of your intention so to do, and granting us a reasonable time (not less than 12 hours) to have a representative present.
- K. Daily drilling reports which shall include drilling depths, crooked-hole tests, character, thickness, and name of formation penetrated, shows of oil, gas or water, and other pertinent information requested by us during the drilling, testing and completion of such well.

L. Prior to commencement of drilling, to contact our representative designated below in order to make specific arrangements for notification and accomplishment of the foregoing. All notices and information to be given pursuant to the foregoing provisions shall be given to:

> Kerr-McGee Corporation 612 Petroleum Building Amarillo, Texas 79101 Attention: Mr. R. W. King

or other such representative as we may designate.

III.

For so long after the execution of this agreement as you shall have an interest in or a right herounder to acquire an interest in the lease identified in Exhibit "A", Karr-McGee shall use its best efforts to pay or cause to be paid delay rentals, if any, which become payable under said lease. Also Kerr-ScCeo shall use its best efforts to pay or cause to be paid shut-in well payments, if provided for in the lease, which become payable under said lease prior to the delivery unto you of an assignment under this agreement. You agree to notify Kerr-McGee, Attention: Lease Records Department, immediately upon your reaching a decision to complete a well as a shut-in well or to suspend, for any reason, production from a producing well on the contract premises or lands pooled therewith, setting forth the date on which such well is expected to be shut-in and the reason therefor. You shall within ten (10) days after receipt of billing therefor, reimburse Nerr-McGee for the full amount of such rental and shut-in well payments. Kerr-McGee shall not be held liable to you in damages or otherwise for loss of said lease or any interest therein, if, through mistake or oversight, any such payment is not timely made or is erroneously paid.

IV.

You agree that you will not release, surrender or let expire any interest assigned to you under this agreement without first giving us, thirty (39) days before such interest is to be released, surrendered or let expire, written notice thereof describing therein such interest and identifying the lands and lesses included. He may, at our option, within fifteen (15) days after receipt of such notice, request reassignment of any and all such interest described in such notice, whereupon you will promptly reassign same to us, warranting the title to the same to be free and clear of all liens, claims or encumbrances suffered or created by, through or under you.

V.

Kerr-McGag reserves and shall have the right, at its election, to purchase all or any part of the gas which may be produced and

Page #3 of Exhibit "5"

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saved from or attributable to any portion of the premises assigned to you pursuant to this agreement. The price to be paid for gas purchased by us hereunder shall be the market value at the mouth of the well at the time of production.

其二

	PLEASE DETACH BEFORE DEPOSITING CHECK FOR PAYMENT OF YOUR INVOICES AS FOLLOWS
DATE	DESCRIPTION
4/30/71	Application for permit to drill. \$25.00
	RECEIVED
	1,66 g AVW
	O & G CONS. COMM.

WESTERN HELIUM CORPORATION